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FBIS-LAT-95-081 *27 April 1995*

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Governments To Work Closely With U.S. To Combat Drug Trade

FL2604211395 Bridgetown CANA in English 1949 GMT 26 Apr 95

[FBIS Transcribed Text] Kingstown, St. Vincent, April 26, CANA—Heads of governments of the Organisation of Eastern Caribbean States (OECS) are expected to review the operations of the seven-member grouping when they meet in St. Vincent and the Grenadines next month for one of two regular yearly sessions. "We will be reviewing the entire agenda of the OECS and the new integration of laws and the co-operation between members of the OECS," host prime minister, Sir James Mitchell said here.

Barabados' prime minister, Owen Arthur, will be a specially invited guest at the May 24-25 meeting of the OECS authority which takes place on Canouan in the southern Grenadines. Sir James said this venue, which was also the site of a summit on bananas of Windward Islands prime ministers earlier this month, was chosen due to the unavailability of hotel accommodation as a result of a regional shipping meeting here during that time.

It is not yet known whether all the heads of government would be attending the meeting which Sir James said had to take place before the end of May. The meeting comes just ahead of important general elections in Grenada and Dominica and is expected to be the last for Dominica's Dame Eugenia Charles who quits politics this year and the first for Grenada's George Brizan who took over as prime minister from Nicholas Braithwaite earlier this year.

Meanwhile, Sir James has disclosed that regional governments are to work even more closely with United States authorities in combating the illicit drugs trade. At a recent meeting with the U.S. ambassador to the Eastern Caribbean, Jeanette Hyde which he hosted in Bequia, the Vincentian prime minister said discussion was held on having an exchange of personnel between the U.S. and the Caribbean on ships plying the high seas for purposes of drug interdiction. "We need to study it legally and, I think we should work together on it in the region...."

OAS Chief Assures U.S. of Solidarity Over Bombing

FL2504220795 Bridgetown CANA in English 2155 GMT 25 Apr 95

[FBIS Transcribed Text] Washington, April 25, CANA—United States Week at the Organisation of American States (OAS) has opened with an exhibition on agricultural development in the Americas. The exhibition focuses on the application of information technology as a means of increasing food production for the people of the Americas.

As it got underway Monday, there was a reminder of the tragedy of last Wednesday's bombing in Oklahoma City. "You have the solidarity of all the peoples of the Americas," OAS Secretary General, Cesar Gaviria, said in a message to the U.S. U.S. Permanent Representatives to the OAS, Ambassador Harriet Babbitt, said that America had experienced "the most terrifying terrorist crime that has befallen our nation". "The way this great nation has responded to the tragedy in the past few days also points to a unique community, a solidarity in times of peril with which every American should be proud, and a resolve and determination to get to the bottom of this," she added.

Turning her attention to the exhibition, entitled "Agriculture in Americas: Images of the Past, Present and Future", Babbitt underscored the importance of agriculture to the hemispheric economy. "Agriculture provides jobs to at least 20 per cent of the economically active population. When both direct and indirect employment is taken into account, agriculture creates almost half the total employment opportunities in some countries," she said.

She pointed to the application of new information technology which is now part of the National Agricultural Library of the U.S. Department of Agriculture. This technology, the U.S. envoy said, offers an immensely valuable source of information on current research in agriculture. "What I want to leave with you is an image of the future in which a researcher in Antigua, a professor in Buenos Aires, or a government official in Mexico City, can get information from the library right now to use in making decisions that will improve the lives of people in the agriculture sector that very day," Ambassador Babbitt said.

In his remarks, Gaviria noted that for many OAS member states, "agriculture is a way of life". "Human development, nation building, sustainable growth and modernisation, ideas we constantly discuss here, are for many people inextricably linked with the soil," he said.

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Cuba

Helms Bill Said To Hurt Hemispheric Integration

FL2604174495 Havana Tele Rebelde Network in Spanish 1630 GMT 26 Apr 95

[FBIS Translated Text] The anti-Cuban bill by Senator Jesse Helms and Representative Dan Burton before the U.S. Congress, hurts hemispheric integration. In December, the so-called Miami Summit stressed regional integration but in the practice, the U.S. Congress, currently controlled by a conservative majority, leans toward protectionism. It is not known if the year 2005 continental free trade zone is viable anymore according to participants in a seminar being held in Miami. The U.S. Congress is not even debating the issue, and sees its neighbors in the south through glasses tinged by their views on Cuba.

The bill confirms that Washington subordinates its regional policy to the interests of the far right of Cuban origin. Such influence, for example, might result in Chile's exclusion from the free trade accord for having reestablished diplomatic ties with Cuba in recent times. The bill seeks, among other things, to punish those who trade with Cuba, therefore its first victim is going to be the hemispheric integration touted with such hoopla in Miami four months ago.

Envoy Reports to Council on Difficulty Securing Food

FL2604220395 Havana Radio Rebelde Network in Spanish 1700 GMT 26 Apr 95

[From the "National Radio News"]

[FBIS Translated Text] Cuba has denounced various U.S. circles for trying to take further trade retaliation measures against Cuba in an effort to reinforce the blockade. (Juan Luiri), Cuban representative to the UN Food and Agricultural Organization, told delegates to the 20th World Food Council [Comite de Seguridad Alimentaria Mundial] sessions of the critical and difficult situation that the island faces as a result of changes to its regular trade practices due to the steadfast U.S. blockade. (Luiri), who is also vice president of the organization, stressed that it is difficult to secure food in Cuba and that the Cuban people's determination is one of the only things that prevents the situation from being any worse than it is.

Rising Prices Spark Discussion

FL2604122095 Havana Radio Rebelde Network in Spanish 1600 GMT 24 Apr 95

["Straight Talk" with Renato Recio and Eloy Concepcion from TRABAJADORES newspaper, and host Osvaldo Rodriguez from BOHEMIA magazine]

[FBIS Translated Text] [Rodriguez] Prices have gone up, now what about salaries? I think the issue is clear: There is a general situation in which salaried workers cannot deal with the rise in prices because most salaried workers—like us for example—do not have other sources of income.

[Recio] First I would question the phrase: rise in prices; because there are degrees of increases. The prices at the farmers' markets, where people go, or try to go, or would like to go, are high. However, not all prices are increasing, some have decreased; others have remained the same. At the state stores where prices are controlled and coupon books are used, prices are highly stable. A typical example would be the potato: potatoes sell for 30 cents a pound, and everyone knows that they are expensive in foreign currency, a caballeria of potatoes can bring in approximately $23,000 to $25,000. That's what you can make growing a caballeria of potatoes; and, nevertheless, they are still being sold for 30 cents a pound. Yes, people are feeling the pinch from high prices, but there is no across-the-board price increase. It is not an economic shock [previous word in English] policy raising all prices sky high, but a gradual process. Just as all prices have not risen, have not exploded, all salaries cannot be increased in one fell swoop. I think it would be a disaster if general salary reforms were instituted in Cuba. I think increasing all salaries by a set percentage would be a mistake.

[Rodriguez] I would disagree with you on certain points. It is true that there are degrees in the price increases. Although there is not a general rise in prices from the market standpoint yet, families have seen themselves moving to living standards which they cannot afford. They cannot afford what they were able to buy in the past with the same salaries.

[Concepcion] Renato mentioned potatoes, and I know about the situation in Havana. I have heard and have learned from state shops and the agricultural sector that some people are not selecting potatoes. I do not know if this is because we have a shortage of oil—there was not oil distribution in recent months—and people cannot fry their potatoes. Also, there is the price problem....

[Rodriguez, interrupting] When you say people are not selecting potatoes, do you mean that people do not buy them in the market?

[Concepcion] Yes. People are not buying potatoes.

[Rodriguez] I thought that you meant that they were not harvesting potatoes.

[Concepcion] No, the harvest is practically over. I meant that people are not buying potatoes from state stores, where potatoes are 30 or 40 cents a pound.

[Rodriguez] Potatoes are 30 cents a pound.

[Concepcion] I have heard people complaining while I was in line. They are also protesting the price of cabbage which is also somewhat expensive, and other prices. Therefore, a feeling is emerging in some people, who

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believe that there should be a rise in salaries in order to pay the prices and have access to supplies available in the farmers', industrial and crafts markets. They see an increase in salaries as a solution. We should ponder this, and identify with people feeling these problems.

[Rodriguez] It seems that Renato disagrees.

[Recio] I have been attacked on two fronts: by you, and by Eloy. You pointed out the decrease of the Cuban family living standards, and I believe you were contradicting my views. Eloy was referring to people feeling these problems, and I am aggravated, because I am one of them also. I live on a salary, and have the same family tensions at home.

[Rodriguez] I know, because we were discussing this topic today.

[Recio] I have not had any coffee for a week, to cite an example. Allow me to answer to both of you. Regarding the unquestionable decrease of Cuban families' living standards, the reason is not prices or salaries, but an ongoing production crisis in Cuba. Everyone knows the causes, and I am not going to repeat them. Yet, there is not enough production to meet demands. It is not a matter of how much anyone earns, but what they can buy with their salaries. We can buy more with 100 pesos worth their right value than we could buy with 300 pesos in a devaluated currency. Increased production, supply, and balance between supply and demand, leads to increase in the value of currency.

If we were to raise salaries only because people cannot buy enough with what they earn, then we would be devaluing the peso. We would have more pesos but would only be able to buy the same or less. This is the crux of the matter.

[Recio] The right thing to do is to continue the way we are going, giving salary incentives to the most productive sectors. Yet, if we give salary incentives to those who cannot produce more, then we would be just wasting pesos, and devaluing them. There is evidence that this does not work.

[Rodriguez] I agree. The current financial situation comes as a result of continuing to pay salaries while lacking production, which was done to help the Cuban family when the crisis began. Yet, the Cuban family has not felt the crisis as hard as the national economy has. The state budget has tried to mitigate the crisis, so that families would not be affected as hard.

[Concepcion] I agree. Renato is right. The new measures have been studied and implemented seriously, and calmly: a plan to eliminate an excess of circulating money began; farmers' and industrial and crafts markets were opened; people began to sell in the streets and nearby gates, and there will be more of them in the future. This is undoubtedly hurting some people, specifically the salaried workers, or those with lower incomes. In addition, we used to receive everything from the state at a low price thanks to ration books. However, the state cannot guarantee everything nowadays, consequently salaries and prices, as well as supply and demand, must be adjusted. I thought that we were going to discuss this issue.

[Rodriguez] Many economists have stated that salary and production reorganization should be the ultimate economic measures to restore national finances and to resolve the crisis. This would not lead to an immediate increase of salaries, but would consolidate jobs, and end unnecessary jobs.

It cannot be done in one stroke, because an army of unemployed would be thrown into the streets. Yet, as Eloy pointed out, the salaried workers are the most affected in such a situation.

[Recio] Salaried workers in any society, independent of its ideology, suffer the most during inflation, or price and salary imbalances, because they do not sell. They do not go to the streets to establish markets; they live on their labor. Cuban salaried workers, who are the groundwork of the Cuban social structure, must understand that this is a temporary situation. No economy in any country—especially in Cuba, where it is rooted in the power of the workers—can allow the situation to go on once the economy is recovered. Salaried workers—those holding productive jobs—will eventually receive benefits.

Not long ago we discussed in Straight Talk a project to provide incentives to sugarcane workers. This will continue to happen, but gradually. I do not agree that salary adjusting is a last measure. Salary changes—seeking justice and economic advantage— will take place once the economy begins to recover, and other measures are implemented. Cuba is not yet ready to implement absolute measures. Everything is marching according the needs of the moment.

[Rodriguez] I was just citing the views of some economists, who have told me that after all financial measures are taken, reorganization should follow—a joint salary and labor reform.

[Concepcion] The state's big challenge in the coming months and years —which I believe is being confronted with commitment—is to assist these sectors in need of protection.

The measures implemented to benefit the sugarcane agro-industrial sector are an indication. With more sugar production the state can help—through ration books, or fixing prices of essential goods. When people do not get the oil or soap they need, or other essential goods, at a reasonable price for their modest salaries, they need to go the black markets, or markets with high prices. The state must solve these problems, and I believe that we are heading the right direction.

[Recio] I agree. There is an intelligent and gradual policy which will lead to the recovery of Cuban economy. This

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also depends on external factors, and is not an easy process. Yet, the economy is related to salaries, and vice versa, and they cannot be taken separately, this tie has to be always kept in mind.

[Rodriguez] Thanks.

General Rosales Militiamen's Day Address

FL2704010295 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0048 GMT 18 Apr 95

[Address by Division General Ulises Rosales del Toro, Revolutionary Armed Forces (FAR) first vice minister and Cuban Communist Party Politburo member, during ceremonies marking Militiamen's Day, the anniversary of the Bay of Pigs invasion, and the 34th anniversary of the "declaration of the socialist nature of the Revolution" in Managua, Havana, on 16 April—recorded]

[FBIS Translated Text] Comrade Army General Raul Castro Ruz, presiding comrades, all comrades:

Following the centennial of Marti's landing at Playitas de Cajobabos and a few days short of the centennial of his death in combat in Dos Rios, the wealth of teachings and experiences of this period summon us to reflect on the difficult path traveled. Bitter moments of failure, defeat, and betrayal intermingle with the glorious examples of our people's sacrifice, heroism, and victory in achieving the fatherland's total independence.

Despite the blockade's difficulties and the enemy's threats and pressures, the Cuban people today remain steadfast and ready to preserve the fatherland's freedom and dignity at any cost, defending its accomplishments and guaranteeing—under Fidel's leadership—the future of which Marti dreamed.

April 1961 left an indelible mark on our history. The Bay of Pigs, like La Demajagua, Baragua, Baire, Moncada, and La Sierra, is a monument to our people's iron-clad will to win. Today's events testify to the importance of observing the declaration of the socialist nature of the Revolution and Militiamen's Day on 16 April, Antiaircraft Defense and Revolutionary Air Force Day on 17 April, Tank Soldiers Day on 18 April, and Victory Day on 19 April. Our people set an extraordinary example preparing for the looming invasion, despite the fact that the military training offered in the first months of 1961 was not enough to confront an attack of such magnitude. Enormous bravery and the will to win made up for the combatants' lack of knowledge and experience and made it possible to emerge victorious.

They tried to surprise us at the Bay of Pigs and failed. They tried to destroy our Air Force and failed. They tried to take some of our territory with mercenary troops, set up a puppet government, and legalize the intervention of foreign troops: We were quick to react, making it impossible for them to set up the puppet government. They placed their hopes for success in a people's uprising that they even thought unlikely. The combative people in arms they found crushed them in less than 72 hours. The entire battle was waged within sight of the Yankee naval squadron and its aircraft carriers. This shows just how courageous the struggling soldiers were. The tanks that joined all the other forces in the final push left from here, from Managua. Our experience with guerrilla warfare and elements of conventional warfare were combined for the first time at the Bay of Pigs. We have 1,000 times more weapons now than we did during the Bay of Pigs: Our people's experience in the use of that weaponry is incomparably greater, too. We have not rested on our laurels, even momentarily. The order that the commander in chief issued a few days later has remained in the forefront since: Rest not even for a minute, overcome our shortcomings, prepare better. Those were his words.

The secret of the victorious resistance that the Revolution has put up for more than 35 years against the attacks of a powerful and unscrupulous enemy lies in the systematic fulfillment of those instructions and in the people's continued support. The enemy would understand this if it were not so mired in its own lies.

National defense capabilities have grown significantly over the last few years under the concept of the war of all the people. One example of this is the improvement of troops and of command and control bodies—with more realistic and endemic views on the use of troops, procedures, types of warfare—and the development of outstanding regionally organized people's mobilization structures. One fact remains indisputable with regard to preparing the theater of operations: Tunnels dug in 1994 were 40 times longer than those dug in 1986, when we had many more material resources.

The Armed Forces were quick to adapt to the conditions of the special period in an organized manner, thanks to their unified spirit and the efforts of all commands and units under Army General Raul Castro Ruz's leadership. We managed to adjust equipment used on a daily basis to meet today's needs and to keep most combat equipment in perfect condition, thanks to the support of central administrative bodies and all our people.

It is well known that the Armed Forces produced 70 percent of its own food in 1994. Our efforts to produce and harvest food for the people continue to grow: the Youth Labor Army produced over 600,000 tonnes of food in 1994; the active duty troops at military schools are making an effort; and FAR civilian workers participated in the potato harvest in Havana Province—which has yielded over 100,000 tonnes to date—and in the tomato harvest in Pinar del Rio Province—which has yielded over 13,600 tonnes to date.

Another important accomplishment: The Armed Forces have achieved greater logistical autonomy. The troops' self-sufficiency levels regarding food and services and the ability to maintain the equipment's combat-ready status attest to this.

The firm beliefs and high morale of FAR members, reservists, and militiamen have been demonstrated in

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the enthusiasm and impressive results of the emulation campaign among the main commands, a program developed by the military and adopted by the population. Particularly, noteworthy is the sense of duty, discipline, and talent with which they have worked all these years to ensure that all of the tasks that the commander in chief and the FAR minister have assigned are fulfilled.

In addition to the required training, the majority of our cadres and many of our reservists carry the military experience of the Bay of Pigs, the fight against the counterrevolutionary bands that the CIA organized nationwide. There were six at the time, particularly in the Escambray Range, from 1960 to 1965. They also carry the great experience of internationalist missions. Over 75 percent of active duty officers and 20 percent of reservists completed that distinguished tour of duty. Approximately 30 percent of this large unit's officers have that rich internationalist experience. Our troops bear the marks of seniority and youth: A total of 69 percent of the leaders at all levels are under 30. When we say that today's personnel training is superior, we are not basing this on an increase in material resources—which we obviously do not have—but on the greater objectivity of the practical concepts on which it is based, its rationality, and the efficiency levels attained.

Today's climate bears out one of our old military principles: Ground troops are the main element of our defensive might, while tanks and infantry units, used with originality and realism, are its main strike and maneuvering forces. We have focused our efforts on that link. This large tank unit, marking its 30th anniversary, is a noteworthy example of this. Members have worked systematically, with dedication and efficiency, over the last few years. This has allowed them to fulfill their main tasks at a level which places them among the best in the Armed Forces. Approximately 95 percent of the combat readiness inspections conducted in 1994 received ratings of good. The unit's equipment and weaponry are 100-percent operational. The readiness of the tanks, armored vehicles—including self-propelled artillery—and all the laser and automated systems is 99 percent, higher than at any other time. The same equipment readiness level is found in its modern SAM units and other antiair defense resources. Over 98 percent of its officers, sergeants, and soldiers have completed training. The reservist rosters are filled twice over: This means that there are two crews for each piece of combat equipment, and both have the required training and knowledge to conduct combat operations in accordance with the principle of the war of the entire people.

This large unit, like the majority of our units, has highly reinforced facilities to store 100 percent of its combat equipment. Likewise, its reserves of ammunition and material resources are properly stocked and protected. All this has been possible thanks to the intense and effective effort of all its components, resulting in reductions in cost. Cost was 14-percent lower last year than in 1993. They never lost sight of the important food production front, which grew over 30 percent in 1994.

All of this not only helps to fulfill the tasks that the FAR minister has set but also speaks of the high morale and proper military discipline of this large unit's members. One testament to the quality of its members lies in the fact that 88 percent of its officers are either Party or Union of Young Communists [UJC] members. Approximately one in three sergeants and soldiers are UJC members. It has been proved during inspections that if it were ever necessary, members of this great unit would emerge from the depths of the earth to strike the enemy with immeasurable speed and force. You have earned the title of La Gloria Combativa del Rescate de San Gili. It is an assurance that our tank soldiers, as our commander in chief stated, are the noble scions of our combative traditions and that if ever an invader were to disembark on our coasts, it would be attacked just as Ignacio Agramonte's infantry did in Camaguey, blending drive with cleverness and intelligence. You, along with our efforts and accomplishments on every front, attest to the FAR minister's optimism when he reaffirms: Yes, we can!

Fidel's words upon learning that thousands of people walked alongside tanks during the military parade marking the Revolution's third anniversary ring true today: The commander in chief said that the people march alongside tanks only when they are theirs and are used to defend a just cause.

We have prevented war—the essential goal of our defense—through the firm and unified spirit of our people and the Armed Forces and their ardent alertness and willingness to defend the fatherland, as well as through our real ability to deliver demolishing strikes on the aggressor. We remain in that struggle today, the struggle in which every victory helps to show the enemy our commitment to resist and win and to prove that they will never defeat us. History shows that the United States has frequently erred in its assessments, Vietnam clearly proving the most eloquent example. REUTERS has reported that former Defense Secretary Robert McNamara affirms in his memoirs, which are about to be published: Our errors in assessing our allies and enemies reflected our deep ignorance of the history, culture, and politics of other peoples.

We hope that those in the United States who advocate direct or indirect warfare against Cuba remember that at about this same time, 20 years ago, images of fleeing soldiers clinging to choppers lifting off the rooftops of Saigon made it around the globe. The melodramatic ending was the final curtain on a war to which they had committed over 500,000 soldiers, at a cost of 58,000 U.S. lives.

The genesis of that crass mistake lay in comparing forces; listening to the military industrial complex's cravings; involving an entire nation, particularly young soldiers, in a cruel and unfair war; and failing to see the high political and moral potential of the Vietnamese nation,

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which, as any people committed and organized to defend its independence, was able to wage a strong, prolonged, and victorious resistance.

We have reason to believe that some inside the U.S. Government will never learn from mistakes of the past or even the recent past, especially when we see dimwits [individuos de pocas luces] like Jesse Helms holding important offices. This brontosaurus, as a U.S. newspaper appropriately called him, says things that only madness, supine ignorance, or a combination of both can explain. He serves Miami's counterrevolutionary mafia, which bankrolls him at a cost which will some day be revealed. The extreme right continuously assaults us through old and new procedures, attacking us from all fronts, buying favors, extorting, provoking our diplomats, increasing radio and television aggression, and encouraging violent acts against our country. The promoters of such aberrant policies against Cuba do not care if they jeopardize relations with their own allies, violate international agreements, or affect their own citizens. Those forces are behind acts like the survey recently reported by Miami media [words indistinct] to determine how many U.S. citizens consider Cuba of vital interest to the United States, a term that they often try to use to legitimize the most unjustified aggression and with which they also try to demonstrate that an alleged majority of the U.S. population would support military intervention against our fatherland.

We do not know who was surveyed for that alleged poll. However, we do know that every day more and more of the true voices of the U.S. people advocating a revision of U.S. policy on Cuba are expressed through the media or visits to Cuba. We know of the opinion of sensible people of that nation, despite propaganda repeatedly poisoned against the Revolution. We trust that the U.S. media, in general, will do as the most influential U.S. newspapers are doing and issue a call to reason. We also hope to see the word of legislators and officials from different departments who maintain a more realistic approach to the Cuban Revolution spread. We trust that peace will prevail sooner or later.

Their ego has been bruised. They have not been able to break our people's dignity. They are in desperation, having been unable to destroy the Revolution despite having risked their entire arsenal. The most reactionary U.S. groups have been unable to fool their countrymen of the need to commit military aggression on Cuba. This war neither would be quick nor leave few U.S. casualties. Nothing is more alien to Cuba's interest and to our people's spirit than a military conflict with the United States. We are realists. We know that we would pay an extremely high price. It would not be a cakewalk for the invaders, either. This is why we will continue doing what we can to prevent it through the only realistic, sensible, and possible means—that is, through constantly refortifying ourselves.

Once again, we warn our enemies: If you make the enormous mistake of assaulting us militarily, we are sufficiently prepared and have enough experience—in addition to the advantage of fighting for our fatherland and our soil—to wage the type of war that you want least—that is, a prolonged war of the people. If they had the staying power, the terrible sting of the people would be unleashed against the mercenaries for 100 years and until their inevitable defeat. The growing number of casualties among their troops would convince them that they had made another gigantic mistake. We will continue to prepare our personnel, keeping these principles in mind.

We will continue adapting to the demands imposed by reality and will upgrade the military theater of operation. We will continue implementing the latest scientific developments to preserve in good condition and modernize the significant amount of military equipment we have. A high level of combat-readiness is assured for many years to come because we have demonstrated in the practice our capability to fulfill this important goal by ourselves.

The Cuban people's patriotism and its love of independence are the main ideological and moral buttress of our defense. Our glorious past—together with the fairness attained, the unity, the Party, and Fidel—are the firm pillars of the Revolution.

We must defend the fatherland today on several decisive fronts at the same time. Food production—including sugar, as the FAR minister stressed—is the main economic, political, ideological, and military task of the moment. Therefore, the role the Armed Forces play in production and in the economy, in general, will continue to grow. We will continue strengthening our ties with the people and making everything possible to ameliorate the difficulties which our population confronts with exemplary stoicism.

On the 34th anniversary of the Bay of Pigs victory, I extend warmest congratulations to our militiamen; active-duty and reserve officers; Interior Ministry members; and, especially, comrades promoted nationwide. On behalf of our commander in chief, the FAR Ministry, and our people, we congratulate the writers, artists, and journalists honored today as efficacious soldiers of the Revolution through their work and their willingness to do likewise with steel if necessary.

Congratulations to our tank soldiers, particularly the soldiers and civilian workers of this large tank unit, El Rescate de San Gili, on the occasion of their 30th anniversary and for using this occasion as a springboard from which to improve their accomplishments in every field.

Comrades: Barely a few days ago, at the very hour marking the centennial of the arrival of Maximo Gomez and Jose Marti to Playitas de Cajobabos and upon the same sands which their feet touched and in front of the same sea that witnessed their arrival, the commander in chief held high the sacred lone-star flag, the same flag

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that has witnessed our forefathers' titanic struggle for independence for over a century.

No matter how large the difficulties ahead might be, no matter how dire the dangers, let us never forget Cajobabo and the Granma, Mal Tiempo and Guisa, and the Bay of Pigs. The living memory of an entire people is the best assurance that the only alternative we have is victory. Let us conclude as Fidel did 34 years ago, in front of the tomb of the comrades killed during the air strike on 15 April 1961, when he said: Let us reconfirm our decision—as did those who exposed their chests to the bullets—that each one of us is proud to defend our Revolution, a Revolution of the humble, by the humble, and for the humble. We will never waiver in our defense of the Revolution, to the last drop of our blood.

Viva the working class! [crowd shouts: Viva!]

Viva the farmers! [crowd shouts: Viva!]

Viva the humble! [crowd shouts: Viva!]

Viva the fatherland's martyrs! [crowd shouts: Viva!]

Viva the eternal life of the fatherland's heroes! [crowd shouts: Viva!]

Viva the socialist Revolution! [crowd shouts: Viva!]

Viva free Cuba! [crowd shouts: Viva!]

Fatherland or death! [crowd shouts: We will win!] [applause]

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Zedillo Launches Support Program for Coffee Producers

PA2704033795 Mexico City NOTIMEX in Spanish 1806 GMT 25 Apr 95

[FBIS Translated Text] Mexico City, 25 Apr (NOTIMEX)—Mexican President Ernesto Zedillo has launched the Financial Support Program for National Coffee Producers with an initial amount of $80 million. This program will benefit producers owning up to five hectares of land.

Diodoro Carrasco, governor of the southern state of Oaxaca, has said these resources will create 200,000 jobs in the states where the plan will be implemented.

It will benefit either directly or indirectly approximately 12 million people who are devoted to this activity in the states of Jalisco, Nayarit, Puebla, San Luis Potosi, Veracruz, Hidalgo, Guerrero, Colima, Chiapas, and Oaxaca, the governor has said.

Accompanied by Agriculture Secretary Francisco Labastida and Beatriz Paredes, leader of the National Peasant Confederation (CNC), Zedillo has said the program was planned in the spirit of the new federalism and is becoming consolidated as a social demand.

The president has said that with this new instrument, each state will establish its own fund, which will include resources from the federal and state governments as well as producers. Consequently, he added, its implementation establishes a new form of cooperation among different sectors.

In a ceremony held at the official residence of Los Pinos, Zedillo added that following the general rules of operation, each state will implement its own procedures, in accordance with the potential, capabilities, and characteristics of its own coffee production.

He has said the first producers to benefit will be those owning properties of up to two hectares destined for coffee production.

According to the president, those owning up to five hectares will be taken care of shortly and, together, the activity will create over 200,000 additional jobs, mainly among Indian wage laborers.

Speaking before the 10 governors of the states participating in the program, the president said it will be possible in certain cases to earmark additional state resources and to include the participation of commercial banks for funding the project.

Zedillo has said that the policy to bolster production and to market coffee as agreed with those state governments and organizations is a clear example of how a favorable market can be used to one's advantage.

Announces Health Secretariat Decentralization

PA2604145295 Mexico City NOTIMEX in Spanish 0145 GMT 26 Apr 95

[FBIS Translated Text] Mexico City, 25 Apr (NOTIMEX)—Mexican President Ernesto Zedillo today announced the total decentralization of the Health Secretariat. He has instructed its chief, Juan Ramon De la Fuente, to begin conducting the pertinent studies soon. Zedillo said it is necessary to better utilize the medical service infrastructure and to seek "innovative formulas that can eradicate inertia and allow public and private investment to merge. These formulas that will translate into more and better health services." The head of state pointed out that this will allow reorganization of the country's health system, which is why he has asked all society and all institutions, public or private, offering these services to get involved.

Presiding over the closing ceremony of the Ninth General Assembly of the Mexican Health Foundation at Los Pinos Presidential Residence, Zedillo emphasized that decentralization must "be carried through to its ultimate consequences." Reform of the national health system will constitute a tangible expression of the new federalism and will continue the tasks that began years ago in the health and education sectors, the president added. According to Zedillo, the reform "we are proposing entails more rational use of resources earmarked for this sector. Current circumstances pose the challenge of creating efficiency without detriment to opportunities and quality of service."

Institute Secretary General Cited on Social Security Issues

PA2704000495 Mexico City EL FINANCIERO in Spanish 25 Apr 95 p 38

[FBIS Translated Text] Juan Jose Moises Calleja, Mexican Social Security Institute (IMSS) secretary general, has said a new attitude and legal framework, the objectives of which are quality, efficiency, and the satisfaction of insurance holders without forgetting the preservation of a financial balance, are mandatory objectives the Ibero-American countries' economic and political circumstances demand.

While inaugurating the conference series "Social Security in Ibero-America at the End of the 20th Century" on behalf of IMSS Director Genaro Borrego Estrada and in which seven countries and three international organizations are participating, Calleja said experience has shown that social security management requires support and elements different from the ones that have been received so far, the reason why its transformation is necessary to adjust to the current circumstances.

Improving the internal factors affecting the administration of the social security institutions must not lead us to forget the external context. Mexican social security, the IMSS secretary general explained, is undergoing a major reorganization, as President Ernesto Zedillo has announced, so as to prepare a prognosis of the institution with the participation of workers, businessmen, and all the nation's prestigious groups.

Dalmer Honkins, International Social Security Association secretary general, affirmed that in light of the world

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economic crisis, social security organizations are failing to respond to it and that this is the task they have to carry out now.

The only way the social security institution could keep its credibility is to make its benefits grow and to be more evident, as the users expect.

In her speech, Maria Elvira Contreras Saucedo, Inter-American Center for Social Security Studies (CISS) [Centro Interamericano de Estudios de Seguridad Social] secretary general, said social security is moving forward despite obstacles and opposition, because the coverage and services offered by the humanitarian spirit that blazed the path for the creation of these institutions has increased.

The new political and socioeconomic conditions, she continued, compel us to reflect and readdress the social security schemes in an effort to make the crisis not become an obstacle in increasing protection to society, particularly to those who have less.

As for the conference series, the CISS official said it will be an opportunity to learn from the Argentine, Chilean, Peruvian, Ecuadoran, Colombian, Cuban, and Spanish experiences, which were recently adjusted, and of changes and modalities in social matters.

Meanwhile, Honkins affirmed that in light of the world economic crisis, social security organizations are failing to respond to it and that this is the task they have to carry out now.

Secretary on Opening of Gas Industry To Private Capital

PA2704013495 Mexico City LA JORNADA in Spanish 24 Apr 95 pp 1, 40

[Report by Raul Llanos Samaniego]

[FBIS Translated Text] Energy Secretary Ignacio Pichardo Pagaza has affirmed that the opening of the gas industry to private capital has nothing to do with loans or conditions imposed by the United States, nor is it a step backward toward reprivatizating the national petroleum industry.

In an interview with LA JORNADA, Pichardo has acknowledged that although the participation of private enterprise in the sector is considerable, the exploration, storing, and production of hydrocarbons is, and will continue to be, strategic and the exclusive responsibility of the state. There is no intention of changing the constitutional order "under the table."

Pichardo has said the presidential initiative sent to Congress on 21 April is clear in specifying that no Mexican Petroleum assets pertaining to the gas pipelines will be subject to sale or privatization.

The transportation, storing, and distribution of gas, in which national and foreign companies will participate, are important areas, "but they are not within the limits the Mexican Constitution defines as the petroleum industry," Pichardo has said.

[LA JORNADA] What risk does leaving this energy sector in the hands of private enterprise pose?

[Pichardo] As energy secretary and as a Mexican citizen, I say: The risk I foresee is that there will be no investments available for the dynamic gas industry.

[LA JORNADA] Once the sector is open to private capital, what guarantee is there that $5 billion needed to modernize the gas industry will come about?

[Pichardo] There is no guarantee. Capital is attracted by the country's economic situation, its stability, although the risk the $5 billion will not be invested is minimal, because we have had many meetings with Mexican, Japanese, Canadian, and U.S. entrepreneurs, excluding speculators, businessmen in the energy field, and they all believe in the Mexican economy. For the former governor of Mexico State and former leader of the Institutional Revolutionary Party (PRI), the advantages for Mexico resulting from approval of the presidential initiative will be, among other things, that gas imports will stop, the growing demand for gas will be met, and gas will be exported in the future.

"If we make the right decision now, we will stop importing approximately 100 million barrels per day of refined oil products from the United States," Pichardo has said.

In addition, Pichardo has said the demand for gas in the next four years is expected to increase by 35 percent, the reason why the presidential initiative will allow the rapid development of the gas industry, attract investments, create jobs, and permit Mexico to compete with the United States and Canada.

"Mexico is growing. It needs more natural gas. Pemex [Mexican Petroleum] will exploit, refine, and explore it, but we need the private sector's support to invest in the adjacent areas," Pichardo has said.

Pichardo has said the opportunities for investments are immense for capitalists, because the network of Pemex oil and gas pipelines, although extensive, needs to be expanded significantly, because it is still small compared to the needs of the industrialist.

Pichardo has said there are regions from Guadalajara to Tijuana that have no gas pipelines. The same situation occurs along the Yucatan Peninsula. Allowing foreign capital to enter this specific sector will allow industries in these geographical areas to be efficiently supplied.

Pichardo has mentioned the case of the petrochemical industry, which was opened to businessmen many years ago, resulting in fewer investments than expected due to a number of national and international factors.

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"I believe this will not occur with natural gas, because this industry is tied to international economic development, and we are confident we are seeing a gradual recuperation of the national economy, outside and within our borders, and a sustained demand for gas," Pichardo has said.

[LA JORNADA] Will the Mexican private sector have enough capital to invest in that sector?

[Pichardo] Probably not 100 percent, it is certain Mexican investors will need to associate with foreign investors. I do not reject that the capital in certain industries to construct a gas pipeline of not too great dimensions will be 100 percent Mexican.

Senate Approves Changes to Banking Commission Law

PA2604214295 Mexico City LA JORNADA in Spanish 25 Apr 95 p 12

[Report by Nestor Martinez]

[FBIS Translated Text] The Senate yesterday unanimously approved, without discussion, an opinion on the minutes of the law governing the National Banking Commission and Securities [CNBV], the organization that must supervise and regulate the country's financial institutions in order to ensure their stability and proper functioning.

The opinion, which was presented by PRI [Institutional Revolutionary Party] Senator Judith Murguia Corral, establishes that the CNBV will be able to intervene in financial entities administratively or at the management level, in order to suspend, normalize, or resolve those operations that could endanger its solvency, stability, or liquidity, or those operations that break the law in order to, it is stressed, better protect the investor.

It is said that in the face of a Mexican economy that is ever-increasingly integrated into international business and financial circles, the CNBV acquires "great relevance because it intends to develop a more efficient and competitive financial system."

The new law brings together regulation and the liberalization process because nowadays joint operations between banks and brokerage houses, which are part of the same group with comparable financial goals, are a daily practice.

Likewise, by merging these commissions one attempts to come face-to-face with acts of abuse and corruption by administrators that compromise the viability of institutions and damage the good name of the Mexican financial system.

Also in yesterday's session, there was the first reading of the opinion on the new judicial branch internal law, which among other things, establishes the rules for the proper performance of the Supreme Court of Justice and the Judiciary Council.

According to what was reported, the opinion provides about 20 modifications, basically of form, to the initial proposal sent a few days ago by the executive branch to the Senate.

It is hoped that the Senate plenum will approve this opinion on Tuesday.

Senate Approves Federal Telecommunications Law

PA2704043295 Mexico City NOTIMEX in Spanish 0317 GMT 27 Apr 95

[FBIS Translated Text] Mexico City, 26 Apr (NOTIMEX)—Today, the Mexican Senate approved the new Federal Telecommunications Law, which will allow private Mexican and foreign businessmen to operate land and satellite telecommunications systems.

The law was approved following a four-hour debate with 102 votes from National Action Party and Institutional Revolutionary Party legislators, one vote against, and two abstentions from the Party of the Democratic Revolution.

The new law reduces from 50 to 30 years the period for the granting of concessions in the sector and authorizes the participation of up to 49 percent of foreign investment in the creation of telecommunications companies.

In the case of cellular telephones, according to the terms of the North American Free Trade Agreement, the participation of foreign capital could even reach 100 percent.

The law will open up the telecommunications sector, which has been the monopoly of the Mexican Telephone Company (privatized in 1990) up until now. It will authorize the opening of Mexican companies or the creation of telephone or satellite companies with foreign capital.

The federal government will be in charge of regulating the telecommunications sector with the obligation of guaranteeing the country's sovereignty and security over any other circumstance according to the law.

Authorities will be obligated to establish an open public bidding system for granting concessions and permanently overseeing the quality of the service.

In the event of noncompliance, the businesses obtaining concessions for operating in the sector must face economic sanctions and even the withdrawal of their operation permit.

In addition, fines between 10,000 and 100,000 days worth of minimum wages have been established for rendering telecommunication services without a concession, failing to observe obligations regarding the operation and interconnection of public networks, and keeping a separate accounting for their services.

The violation of the law and its regulations, the unjustified interruption of the service, and errors in the users

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information database will be sanctioned with fines ranging from 4,000 to 40,000 minimum wages.

The Senate introduced 40 minor and substantial modifications to the initiative, among which is a last-minute proposal presented by the PRI [Institutional Revolutionary Party] so that the federal government compensates concession holders in case of requisition with the real value of the investment.

Another clause stipulates that should a company holding a concession become dissolved or requisitioned, the rights of workers will be respected in accordance with the law governing this matter.

Finance Bank Carries Out First Issuance of Promissory Notes

PA2604215695 Mexico City EL FINANCIERO in Spanish 25 Apr 95 p 11

[Report by Gerardo Flores and Rosa Elba Arroyo]

[FBIS Translated Text] With a $170 million issuance of medium-term promissory notes, the National Finance Bank [Nafin] has carried out its first placement operation in the market this year after the Mexican crisis had virtually closed access to international markets.

During the announcement, Nafin Executive Director Carlos Mendoza and International Area Director Federico Patino said this new issuance is part of the development bank's program of placing medium-term promissory notes in the European market.

The maturity of these instruments is split into two parts. One part, which consists of $70 million, will be due in December this year, and the other, $100 million, will be due in one year from this date. The total cost for Nafin will be the Libor [London Interbank Offered Rate] plus six basic points.

Luis M. Vilatela, representative of the HSBC-Midland Bank in Mexico, the leading agent in the placement operation, and who was also at the meeting, said the Mexican crisis is "a temporary eventuality," and he underlined the foreign investors' confidence in the recovery of the national economy.

Referring to the diversification Nafin is seeking in its investors infrastructure, the institution's officials said a long-term operation that has been expressed, in particular, by Asian and European investors has been envisioned.

In this context, the bank will stimulate the participation of small-scale investors so as to expand the number of investors and to exploit the niche offered by the Asian markets.

The placement took place on 24 April via a private issuance. Vilatela said "an important investment fund" that acquired less than two-thirds of the placement is used in the operation.

The money obtained through this placement will help Nafin resume its loan bid (windows) program for the benefit of small- and medium-size exporters. Nafin officials have reported that a new issuance, in Italian lira for close to $28 million (50 million lira), will be made on 26 April.

Nafin has paid $700 million thus far in amortizations out of a total of $890 million due this year, meaning the bank must still amortize $190 million during the rest of the year.

Regarding the situation in Mexico, Mendoza said "we are not free from a speculation onslaught," such as the one that occurred on 20 March, despite optimism and calm in the markets. Nevertheless, he said the Tesobonos case, one of the leading factors of uncertainty in the past few months, has become a "manageable" problem.

Recounting the effects of the crisis on Nafin's position, Mendoza has admitted the bank was affected by the change in interest and exchange rates. Regarding coverage, he has said Nafin now has an investment ceiling of $170 million, or 15 percent of the bank's net capital.

Bank Reports International Reserves of 53.109 Billion Pesos

PA2604224395 Mexico City NOTIMEX in Spanish 1858 GMT 26 Apr 95

[FBIS Translated Text] Mexico City, 26 Apr (NOTIMEX)—Today, the Bank of Mexico reported the country's international reserves leveled off at 53.109 billion new pesos (approximately $8.851 billion) as of 21 April.

In its weekly report, the financial institution stated this amount indicates a 10.777 billion new pesos increase over the last period.

The Bank of Mexico (Banxico) stated that in addition to international reserves, the nation's circulating capital also comprises federal government loans and outstanding government securities, which are at zero.

The figures published this Wednesday in the DIARIO OFICIAL DE LA FEDERACION include loans to financial intermediaries, which total 157.095 billion new pesos ($26.182 billion).

The document states that these loans go to commercial and development banks, development trust funds, and stock brokerages.

Liabilities and liquid assets total 74.010 billion new pesos ($12.335 billion) from the IMF and 13.772 billion new pesos ($2.295 billion) from foreign financial authorities.

In addition, currency in circulation totals 46.413 billion new pesos ($7.732 billion). This currency base consists of

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46.397 billion new pesos in bills and coins ($7.732 billion) and 16 million new pesos ($3 million) in regular bank accounts.

The document also states the federal government has deposits totaling 32.676 billion new pesos ($5.446 billion).

Other liabilities and liquid assets total a net sum of 43.333 billion new pesos ($7.222 billion).

Sharp Drop Forecasted for Banking System

PA2604213795 Mexico City EL FINANCIERO in Spanish 24 Apr 95 p 5

[Report by Alicia Salgado]

[FBIS Translated Text] With the increase of overdue portfolios at a monthly rate of 18 percent and stock market losses, the banking system will experience an average drop in profits of more than 150 percent during the first quarter, according to projections based on information from the interbank system.

At the same time, banks are exploring several ways of reducing the pressure on their balances from overdue portfolios. To this end, Securities Auction Capital offered 2 billion new pesos to purchase the overdue portfolios of Mexican banks that are not facing legal action.

According to interbank information, Banamex and Bancomer, the system's two largest institutions, will report an average 70 percent drop in profits. Together, Banamex and Bancomer hold 48 percent of the total national banking market, despite the recent increase in the number of banking institutions. Meanwhile, banks like the Mexican Bank are expected to show drops in profits of over 500 percent.

According to the sources we consulted, the fall in profits is mainly due to the need to divert profit funds to meet the reserve and overdue provision funding requirements. Such requirements are pursuant to the terms of security investment regulations and guarantees established for SPEUA operations by the Bank of Mexico, as well as National Banking Commission norms issued on 22 February.

The effects of the devaluation of the peso during January and February on foreign currency loans "completely destroyed the balance that should have been maintained under the terms of Memorandum 22/92 of the Bank of Mexico. New contracts fell until there was nothing left." The peso value of loans in dollars effective at the time increased significantly during the first quarter, because of the repercussions the devaluation had on the financial capability of banking clients that do not export or generate foreign currency transactions. These clients transferred almost all of the market's loan risk over to banks when they were no longer capable of meeting their payments. It has been said that almost 30 percent of the 70 billion new pesos in dollar loans require "special support," because they lack any protectitive measures against the risks of the exchange rate.

This being the situation, the Mexican Banker's Association has stressed to Finance Secretariat officials "the need to move forward with the negotiation of agreements for refinancing overdue mortgages and foreign currency portfolios in UDI's [investment units]. By May, this would practically stabilize those accounts that when qualified, require greater reserve funds."

Banking sources confirmed that although the devaluation had only a minimal impact in December, by the beginning of February there were already six factors that spread "panic" among bankers. These factors, which confirmed the losses expected towards the end of March, and those still to come during 1995, are:

The rise of the exchange rate to over 7 pesos to the dollar; the increase in domestic interest rates to over 100 percent; the unexpected growth of the overdue portfolio (it was expected to be 20 percent, but was actually over 50 percent for the quarter); the change in "prudential" securities and reserve fund regulations, which imposed limitations at a time of extremely low liquidity and represented a total diversion of almost 25 billion new pesos from January to March; the closedown of local and foreign interbank markets due to the seasonably high number of bonds and notes reaching maturity; and the strong restriction of funds by the authorities in a tense moment of negotiation of the international financial package.

These conditions have varied, and with May just around the corner, "even though the outlook is not sufficiently clear to be able to plan for the rest of the year, at least we have financial markets with clear trends: stable interest rates, a tendency toward a rise in shares, and the revaluation of the peso against the dollar," commented Jose Madariaga Lomelin, president of the Mexican Association of Bankers, when stressing the banking system's hope to resolve most of the pressure exerted by the expired portfolio with the UDI restructuring programs, which in principle only includes 14 percent of the total credit portfolio in multipurpose banks.

On the other hand, banking institutions are exploring the possibility of transferring losses—both from the expired portfolio as well as financial shares—to other alternatives, such as the one executed by the Probursa Financial Group in 1993, when it sold its Ajustable Bond portfolio in the United States in a $500 million operation.

In Mexico, Credit Administering Systems (SAC), a subsidiary of the New York-based SAC International Inc., disclosed over the weekend a purchase program of expired credit card portfolios from businesses or banking institutions for a total of 2 billion new pesos.

The operation will take place over the next 90 days. The purchasing agent will be New York's Securities Auction

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Capital. They will restructure the overdue credits at internationally competitive rates through SAC Mexico and then place them on the international market through the stock exchange.

The requirements set forth for banks and business in order to take part in the program are: that the credit portfolio not contain any contract undergoing legal litigation, that the seller pay the contracting costs, and that the credits be placed within the republic of Mexico. In exchange, purchase of the portfolio is guaranteed at an average price of 78 percent of the balance due.

SAC Director Jose Carlos Arias said that the national offer includes individual credits worth 15 million new pesos to make up a 2 billion new pesos package. The credits due have to be past the date of maturity not cancelled by at least 30 days and not over 720 days.

Report on Bank-EU Investments in Industrial Projects

PA2704014895 Mexico City EL FINANCIERO in Spanish 24 Apr 95 p 20

[FBIS Translated Text] The National Finance Bank (Nafin) and the EU generate investments worth approximately 20 million ECU's, 186.27 million new pesos, by granting joint support for the development of industrial projects in which Mexican and European entrepreneurs participate through the European Community Investment Partners (ECIP) program.

Nafin and the EU, through the ECIP program, offer resources and technical assistance to the investment process, which includes the identification of projects and potential partners, feasibility studies and pilot plants, risk capital, and the training of technicians and managerial cadres.

Eighty-six European and Mexican assistance actions worth 14 million ECU's, 130.389 million new pesos, were authorized through the ECIP. This amount is 40 percent of the total amount of reserves granted by this program and 32 percent of the total actions aimed at Latin America.

In this way, Mexican industrialists can identify those companies in European countries that have the required technology and resources for joint creation or expansion of productive units, while at the same time European investors can find in Mexico the most appropriate partners for their projects.

In addition, the EU and Nafin offer the option of complementing the entrepreneurial effort with temporary minority capital participation in the businesses created or expanded under this program.

Eleven Mexican initiatives receive support from Nafin through the ECIP, with 1,125,983 ECU's; that is, 10.487 million new pesos. In addition, there is a line worth 1 million ECU's in operation for environmental projects. Investors involved in the ECIP program have supplied resources worth 1,621,349 ECU's, 15.1 million new pesos.

Industrial development and joint investment projects have been boosted through these joint support actions in various areas of the country, in sectors pertaining to shoes, the agricultural industry, furniture, marble, textiles, capital goods, manufactured metal goods, water processing, and environmental improvement.

Cooperation actions are highlighted in such developments as feasibility studies and pilot projects prior to carrying out a French-Mexican joint investment for the production of minute type tapestry flowers and flora.

The technology of this project will allow an improvement in the quality of the product, reduce costs and harvesting times, improve the landscape, and eliminate ecological deterioration by not using soil extracted from forests (a common practice in Mexico that causes the soil to erode).

Consumer Price Index Up 5% in First Half of Apr

PA2604143895 Mexico City EL FINANCIERO in Spanish 25 Apr 95 p 30

[FBIS Translated Text] The Bank of Mexico (Banxico) reported yesterday that in the first 15 days of April the National Consumer Price Index (CPI) increased 5 percent over the level registered during the second half of March. Thus, in the first 15 days of April accumulated inflation equalled that registered during 10 months in 1994. This information makes possible the prediction that in April the CPI will fluctuate between 7.5 and 8.5 percent.

Banxico said the significant rise in consumer prices was due mainly to the new value-added tax [VAT] rate. If not for the change in VAT, the 15-day April increase would only have totaled 2 percent.

Banxico reported that prices for the basic food basket increased approximately 6 percent. This shows that Mexicans with less purchasing power are bearing the brunt of the shock plan. The most significant price increases were seen in housing, automobiles and automobile repairs, gas for domestic use, electricity, gasoline, tortillas, bread, rice, urban public transportation, eggs, soft drinks, vegetable oils, soaps, airline and railroad fares, beer, hospital services, lubricants, cigarettes, electronic equipment, hotel services, and freeway tolls, among other items.

According to Banxico, of the 46 cities in which information was gathered on the CPI, the highest increases were registered in Torreon, 6.5 percent; Queretaro, 6.4 percent; Culiacan, 5.8 percent; Morelia, 5.6 percent; and Tulacingo, 5.5 percent. The cities with the lowest price increases were Matamoros, 3 percent; Ciudad Juarez, 3.5 percent; Tijuana, 3.6 percent; La Paz, 3.7 percent; and Tapachula, 3.8 percent.

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Concanaco Reports 150,000 Jobs Lost in First Quarter

PA2604143795 Mexico City NOTIMEX in Spanish 0238 GMT 26 Apr 95

[FBIS Translated Text] Acapulco, 25 Apr (NOTIMEX)—The Confederation of National Chambers of Commerce [Concanaco] today stressed that Mexico lost 150,000 jobs during the first quarter of 1995, 50 percent of which were in the trade and tourism services sectors. Interviewed during the Second National Tourism Forum, Concanaco President German Gonzalez Quintero said that in light of the economic crisis through which the country is going, the national manufacturing plant will have lost approximately 700,000 jobs by year's end. He added that the federal government is planning to reduce this unemployment rate by creating 600 to 700 seasonal jobs in the cities with the largest unemployment rates.

He assessed that the improvement in Mexico's financial situation will not be felt until next year, because it is then when the state will be able to offer 1 million new jobs, even though this will be insufficient in retarding continuing economic reversals.

Gonzalez pointed out that the business sector's inflation rate will reach between 54 and 56 percent and that Concanaco members' expired portfolios amount to 65 million new pesos (approximately $10.8 million).

The national leader of Concanaco is confident that the inflationary bubble will come under control next month so that bank interest rates will begin decreasing in July.

PRD Ends Participation in Dialogue on Political Reform

PA2704032895 Mexico City Radio ACIR Network in Spanish 0000 GMT 27 Apr 95

[From the "Evening News Panorama" newscast]

[FBIS Translated Text] We have just received an official communique signed by the Party of the Democratic Revolution [PRD] issued on 26 April. The communique arrived in our editorial office at 1828. I will read it in full, because it is worth it. It is a strong communique and reads as follows:

In light of the lack of a concrete answer by the administration to the pending problems in Tabasco and Chiapas as well as the aggressive attitude displayed against our legislators at Los Pinos Presidential Residence yesterday, the PRD is indefinitely suspending its participation in the dialogue on the political reform of the state, in which the government and Mexico's leading political parties are also participating.

PRD President Porfirio Munoz Ledo made this announcement during a news conference and stated, on behalf of the party, his categorical rejection of the conduct displayed by high-ranking officials against PRD deputies who attempted to meet with President Ernesto Zedillo yesterday. He said the soldiers are being sent against the deputies now.

In light of this regrettable incident, he said, the PRD has asked for a justification from the relevant organizations to clarify the repressive attitude demonstrated against our fellow PRD members who asked to meet with Zedillo. Munoz Ledo asked what can society in general expect if the nation's representatives are treated in this manner?

At this point, Pablo Gomez said that in their meeting with the president, the PRD deputies would ask that the executive branch not interfere with the legislative branch and that the bills sent by him to the chambers be truly discussed in keeping with their importance instead of being taken for granted.

Munoz Ledo said there will be no true political debate leading to a solution to the economic, political, and social problems affecting the country as long as Congress remains under the control of the executive branch regarding decisionmaking.

Meanwhile, Pablo Gomez, who also spoke during this news conference, said legislation is being rushed on the current situation, and this rushing is causing serious harm to the nation, because most of the PRI [Institutional Revolutionary Party] legislators must consult the president to approve or reject any initiative the legislative branch is analyzing.

The Communications Secretariat of the PRD Executive Council signed this communique.

Zapatist Commanders Discuss Talks

PA2604212195 Mexico City EL FINANCIERO in Spanish 25 Apr 95 p 46

[Report by correspondent Amalia Avendano and Miguel Badillo]

[FBIS Translated Text] San Andres Larrainzar, Chiapas, 24 Apr—Commander David, who led the EZLN [Zapatist National Liberation Army] delegation, says that the next round of negotiations will be more difficult, but the EZLN still hopes that the government will react in good faith if it wants a political solution, because all it has shown so far is its intention to break up the talks.

The eight Zapatist commanders pointed out that the government delegation humiliated, insulted, offended, and deceived them during the two-day talks, because it was trying to get the Zapatists to surrender, given its plan to create three areas where the rebels would meet.

"They tried to humiliate us by deceiving us and by saying that our proposals were not serious. This is how they responded. We see it as a lack of resolve in addressing the political problem," David added.

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For one hour, the eight Zapatist commanders granted an interview at the sports court in San Andres Larrainzar, which had been converted into dorms, a bathroom, and a kitchen for the EZLN delegation of David, Tacho, Moises, Ramon, Zebedeo, Galindo, Domingo, and Guillermo.

Before leaving San Andres Larrainzar early in the morning under International Red Cross escort and amid ovations by Indian residents, rebel commanders David, Tacho, and Zebedeo answered, and did not dodge, the questions asked.

[EL FINANCIERO] This is the first time that a Zapatist social rank and file goes out to march as such, identified as Zapatists. But the government said you were in fact carted off. What's your reaction?

[Answer] They want to silence us and to subject the others. If we refuse to silence the entire Chiapas movement, they think that if the Zapatist government lacks a leader and is on its knees, everyone else will kneel, too. We don't think that will happen. People are paying attention to what's happening, and they will never rise in favor of the government but only to oppose it. This is why the government will never be comfortable.

[EL FINANCIERO] Please elaborate on the government's proposal.

[Answer] We say they took a prepotent position. We have noticed that when they propose something, it is like an order: This is what you have to do to advance the talks. Let me give an example. We first proposed that the government return to the positions it held before 8 February. Yes, first they write it down and then they say it: This is what you have to do so that the groups will meet in three specific areas. It is like they want to order us around. This is why I am saying that everything came out of their pockets. We did not see them providing a specific and formal document. Because of this attitude and because of this manner, we cannot reach an understanding.

"They tell us: Gather in such place. We will send you food; we will send you services. You will be a government responsibility. We could interpret this as meaning that we are pigs in a sty. They would send us food to fatten us under their surveillance and indeed under threat. This is how we feel their prepotency."

[EL FINANCIERO] Isn't this just a government tactic?

[Answer] Before we began, the play had been well thought out. Since the beginning, they knew what issue we would address first. Once at the table, they changed the issue. They warned us, saying: "Look, this may be a point of order, but things are much more complicated than points of order." It was as if they were trying to say we would not agree again. That is, we were warned. This is why we say they are trying to scare us, to make us surrender. They think that we could reach agreement with words only; we will not put up with it. Words will not resolve the situation.

"We want our demands to be met; then we will see what we will do next. But they have already taken this position; that is, we already understood it."

[EL FINANCIERO] Do you think the government is trying to take the talks to a breaking point?

[Answer] It seems like it. It wants to exert pressure where it should not for the time being. In our proposals, we understand well how we make decisions. They fail to understand—if they did, why don't they do it? This is where the dishonesty lies.

"It is as if they were saying: Well, you are at your mountain camp; stay there. And the federal government is also outside the towns. It is as though it doesn't care about anything. These are its words."

[EL FINANCIERO] The system of designating gathering places was implemented in Nicaragua with the contras and in El Salvador with the guerrillas. Did you know that?

[Answer] We are saying that is the last issue we will discuss once our people's demands have been met and once Mexico has freedom, democracy, and justice. Then we will not need weapons because we will have everything. We will have nothing about which to fight.

"But now that our people are dying in other towns, in the mountains, how can we say: Let's go to these gathering places and let our people die? It cannot be. We know of cases in which they even destroyed the cannons because they were no longer useful. But we believe we cannot discuss this issue; we cannot give in to what they are asking us, because they have not even bothered to consider the health, housing, and communications issues. We have nothing on agricultural matters; we have seen nothing. And they want us to discuss the final issue now. It is utterly absurd."

[EL FINANCIERO] What's your opinion of the Cocopa [Harmony and Peace Commission] legislators?

[Answer] We see them as deputies and senators. We say that if they were elected by the people, they should make just laws. We have told them that. We treat them as workers for Mexican society. That is precisely what they do not do which is why they have plunged Mexico into misery.

[EL FINANCIERO] One member of the government delegation commented that the two parties had different opinions on distension. Would you explain what distension means to you?

[Answer] They tried to tell us what words mean. We told them we knew what distension means. We also told them it means proportional. We explained everything to them. But they would say: Let's see. What do you understand

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here? We would reply: what it really means. They began trying to deceive us. From that moment on they began to treat us differently from what it says in the principles agreed on in San Miguel, which say we will treat each other in good faith and all that. They did not want to do this. They always handle things with much resistance and aggression toward us. They manage things with prepotency. That is what really happened.

We believe they wanted to set a trap for us from the very beginning. They began writing their concept of distension. They began explaining it as if we did not know what was being talked about. They started to tell us that in order to talk about clear-cut distension, we first had to understand what we wanted to achieve with distension.

After their explanation, we clearly understood that they wanted to tie us by the neck and that when they had us tied by the neck, we would be there talking to them. That is how we learned that it was a trap—thus we made no commitments. We continued to insist that we should negotiate according to the agenda—because in the first meeting in San Miguel we signed an agreement in which the first issue to be discussed was included on an agenda.

Then, they began to change the agenda and to propose other things. From that action we saw they had other purposes in mind. They tried to humiliate us, making fun of us and our proposals, saying they were not serious proposals. We interpret that as a lack of will to solve the political issue.

We told them clearly that, yes, we had come with the best intentions to negotiate, to tell the truth, but they did not have the same intention toward us. They were looking for a way to humiliate us. We told them it was better to explain things to us and to discuss the issue. But obviously they were not convinced. They wanted to continue with their proposal.

[EL FINANCIERO] Do you think this could be a dead end?

[Answer] They might lead the negotiations to a dead end; we won't. The Zapatist delegation will never do that because are very clear about what steps we have to take. In general terms, we came to state what these steps are. They are supposedly the great experts—we don't know about this—but we came to tell them what has to be done because they have not offered any real proposals.

We know how to deal with delicate issues, like in this case. But we also know how to deal without delicacy, in accordance with the actions of the two parties. As Zapatists, that is what we are looking for, but they do not seem to be able to show us the way. They cannot give us room to maneuver to really continue to negotiate and reach a peace agreement which includes justice and dignity.

[EL FINANCIERO] Are the gathering sites which the government has proposed like the buffer zones that existed before 8 February?

[Answer] If it were actually one buffer zone we would accept 10 buffer zones, because we are everywhere in Chiapas. We would accept that. Why wouldn't we?

[EL FINANCIERO] What is the difference?

[Answer] In the first place, it is a fixed site. They are going to feed us and all that, and we are going to be gathered together under their orders. We decided that the Zapatists do not need to be locked up because they know how to cultivate the soil—why should they be exposed to that threat?

[EL FINANCIERO] What changes do you want in the government's position?

[Answer] Mexican society is going to become aware of this, and we believe it will protest too. Unless we are mistaken, we believe all workers will rise up again. Now that unemployment is serious, there are forces taking shape in the neighborhoods, in the municipalities, in the states. Civilian movements will begin once again. They are going to know what is happening here because we are going to tell them.

[EL FINANCIERO] What do you expect from the next meeting?

[Answer] Taking into account everything the government has manifested, we see things somewhat difficult. But we hope that the government will truly react if it really want to find a political solution. We showed our will to negotiate, with honesty, and we expect to receive an honest answer. It is difficult for them to respond in the same way, but we still hope they will. But it also depends on how our people will respond.

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El Salvador

Central Reserve Bank President on Dollarization Process

PA2704041495 San Salvador EL DIARIO DE HOY in Spanish 26 Apr 95 p 14

[Report by Sara Fernandez]

[FBIS Translated Text] Central Reserve Bank [BCR] President Roberto Orellana Milla has said the BCR will enforce a provision within 15 days that will allow banks to open savings accounts and to obtain or grant loans in dollars.

The BCR president has said "this measure indicates the dollarization process proposed by the BCR will be implemented gradually and voluntarily."

He has said the banking cash reserves, that is, the funds banks deposit into the BCR to guarantee deposits made by the public, can be covered in dollars or colones without distinction.

Orellana Milla has said this measure facilitates operations in dollars within the banking system, meaning "the dollarization process will take place gradually," because the banks must have the resources available to grant loans in dollars and to promote various productive activities, mainly exports, as long as there are depositors who want their funds in dollars.

He has said the ease with which the banking cash reserves can be made will allow increasing operations in dollars in El Salvador.

Orellana has acknowledged, however, that legislative measures are required in order to achieve a complete dollarization.

Objectives of the Measure

The latest BCR provisions will facilitate a voluntary dollarization program in the banking system, taking into account that 5 percent of current deposits are in dollars.

The BCR expects dollar deposits will have multiplied by the end of 1995, which would help exporting companies have access to more inexpensive resources.

Regarding the dollar crisis in the international markets, Orellana Milla has said this crisis would not directly affect the dollarization process in El Salvador, because it is a temporary situation that will be adjusted.

He has said he fully agreed with the dollarization process, because it is a more clear-cut program, would enjoy credibility among the people, and will bring in all the expected benefits, such as the lowering of interest rates and the reduction of inflation.

There Will Be No Extension for Decree-Law 292

In addition, the BCR president has said no agreement was reached regarding a new extension for Decree-Law 292, which provided reduced interest rates and easy refinancing terms with low interest rates for businessmen who were directly affected by the conflict.

Orellana has said the businessmen who enjoy the benefits of Decree-Law 292 "have had all the necessary time to submit their applications." For this reason, the extension they requested was not approved.

The BCR president has met with members of the legislature's Economic and Agriculture Commission to determine whether an extension should be granted.

Decree-Law 292 was extended four times. Its last extension began in December 1994 and will end in April 1995.

Orellana Milla has justified the nonextension of the term of the decree by affirming that Decree-Law 114, which directly affected those owing more than 5,000 colones to the financial system, has already been approved.

Orellana has said this decree will benefit approximately 15,000 people.

He has said, however, there are still certain debtors who do not qualify and who are resorting to refinancing programs through the BFA [Agricultural-Livestock Development Bank] to help them resolve their financial situation.

Orellana has also outrightly denied the nonextension is aimed at enforcing embargoes, because the Salvadoran banking system is one of the most capitalized systems in Latin America, which is a guarantee for depositors, therefore, there is no need to resort to embargoes.

He has said the BCR will establish new refinancing mechanisms for its debtors.

Guatemala

Defense Ministry Suspends 2 Officers Involved in Crimes

PA2604202795 Panama City ACAN in Spanish 1918 GMT 26 Apr 95

[FBIS Translated Text] Guatemala City, 26 Apr (ACAN-EFE)—Official sources have confirmed that the Guatemalan Defense Ministry has temporarily suspended two active Army officers involved in the killing of a U.S. citizen and a Guatemalan guerrilla.

The officers are Colonel Julio Alpirez, deputy commander at La Aurora military base in Guatemala City, and Col. Mario Roberto Garcia Catalan, commander of the military zone in Chimaltenango Department in the country's western region.

Lieutenant Colonel Francisco Bermudez, spokesman for the Army's Information and Press Department, told ACAN-EFE that the "administrative measure" was taken by the ministry yesterday.

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The officers had been accused by Private Francisco Solbay Santay, now held in prison, of killing U.S. businessman Michel Devine in Peten Department in June 1990.

Alpirez was accused by U.S. Congressman Robert Torricelli of having cooperated with CIA and having ordered the torture and assassination in 1992 of guerrilla leader Efrain Bamaca in 1992, who was married to U.S. lawyer Jennifer Harbury.

Officers React With 'Sadness'

PA2604223395 Panama City ACAN in Spanish 2004 GMT 26 Apr 95

[FBIS Translated Excerpt] Guatemala City, 26 Apr (ACAN-EFE)—Today, Colonel Roberto Alpirez and Colonel Mario Garcia, whom the Guatemalan Army has removed because of their alleged involvement in the assassination of U.S. national Michael Devine and a guerrilla married to a U.S. national, accepted with "sadness" the military order and reiterated their innocence.

The Guatemalan Defense Ministry has temporarily suspended the two Army officers because of the investigation into Devine's death, for which they were accused by a former soldier who has been imprisoned for the same case.

Alpirez and Garcia appeared before the Prosecutor General's Office today to disclose additional details of their statement regarding the so-called "Devine case."

Alpirez and Garcia confirmed the report disclosed by Bermudez on their removal, but Garcia denied having any responsibility in the crime, for which six soldiers were sentenced to 30 years in prison. [passage omitted]

Alpirez, who had already given his statement before the Prosecutor General's Office, also restated his innocence today.

"I have nothing to hide. We have taken over our own defense, and we remain on active duty in the Army," Alpirez said.

Asked about his view on the decision adopted by the Defense Ministry, Alpirez said: "I am not pleased with it, but I am complying as a soldier."

Lieutenant Colonel Francisco Bermudez, a spokesman for the Information and Press Department of the Army (DIDE), has told ACAN the ministry adopted the "administrative measure" on 25 April.

"This removal from their posts (Alpirez and Garcia Catalan) is a temporary one while their legal status in the investigations, under investigation by the Prosecutor General's Office, is clarified," Bermudez said.

With this decision by the Guatemalan Army, "made in accordance with the law," the officers have "absolute" freedom to resort to the country's legal mechanisms, the military spokesman added. [passage omitted]

Carlos Aldana, deputy director of the Archbishopric's Human Rights Office (ODHA), believes that if this decision is a "genuine reaction" by the Army, "it constitutes an encouraging sign that strengthens the country's judicial system." [passage omitted]

Commission President on Peace Agreements, Next Legislature

PA2604011395 Guatemala City LA REPUBLICA in Spanish 21 Apr 95 p 10

[FBIS Translated Text] Yesterday, Peace Commission President Pablo Duarte Saenz de Tejada said the Guatemalan National Revolutionary Unity [URNG] and the Guatemalan Government run the risk of the present or next legislature turning down those agreements of the peace process that fail to abide by the Constitution.

Duarte drew this conclusion from the fact that neither side has consulted the legislature as to whether the signed agreements clash with the Constitution. Duarte said the sides have instead requested the opinion of international agencies such as the IMF, the World Bank, and the Economic Commission for Latin America.

He was concerned yesterday over the rebel commanders and the government negotiator never reporting to the congressmen on the progress of the talks or any difficulties with specific agenda subjects, such as economic issues and the agrarian situation. "They should not wonder about this Congress or the next turning down their agreements. The sides have never given us an opportunity to act as an institution within the peace process. Each agreement requires amending the Constitution's dogmatic portion, an action that only a Constitutional Assembly can take," he added.

The URNG and the government simply reach a consensus and sign agreements without stopping to think what difficulties the introduction of such subjects into the Constitution could bring in the future, he said, calling on the negotiators to take this point into consideration.

Regarding the elimination of secrecy announced by Hector Rosada Granados, president of the Government Peace Commission, the deputy said this requirement cannot be waived when delicate subjects, such as the Army's reincorporation into the civilian society, are discussed. The measure would just serve to satisfy the Civilian Sector Assembly, Duarte said.

So far, no sector has been consulted on the preamble to the agreements, which are reported only after they are signed. Eliminating the secrecy is only one way of introducing the various sectors and telling them they are part of the negotiation, Duarte added.

The URNG and the government still have not debated the economic issue and the agrarian situation. They will be asked whether they will consult the legislature or make their decisions by themselves, Duarte concluded.

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Honduras

Reina Approves Privatization Proposal; Council Meets

PA2704041295 Tegucigalpa LA TRIBUNA in Spanish 26 Apr 95 p 7

[FBIS Translated Text] During a Council of Ministers meeting yesterday, Honduran President Carlos Roberto Reina approved a proposal to initiate the privatization of the Honduran Telecommunications Enterprise (Hondutel). The proposal will be presented to Congress.

Likewise, it was decided in the extended, nine-hour session to enforce the measures for the control of public expenditures in order to comply with the Government's Economic Program approved for 1995.

The Council of Ministers, which included the managers and presidents of autonomous institutions yesterday, discussed two main points: approval of the proposal drafted by the Special Privatization Commission and the evaluation of the result of the measures to reduce expenditures as well as how to achieve the goals of the economic program.

The Best Bidder

Hondutel's privatization was unanimously approved. It was explained by Mario Aguero, executive secretary of the National Privatization Commission. He made a detailed explanation of the institution's current situation and the implementation of the process.

President Reina ordered the discussion of the process with the legislative branch "in a meticulously crystal clear manner by means of an open discussion and without a rush."

"The national interest will prevail. Nothing should remain hidden, and if any person knows about any irregularity, he must report it," the president said.

The process is an evaluation of Hondutel's assets and liabilities following the preliminary appraisal drafted by a private foreign auditing firm and the decision to form a new company where the state reserves the right to regulate this public service.

There was a consensus in the Council of Ministers in the sense that the privatization process should be regulated by a law and must maintain its development pace in order to reorganize this company's foreign debt, to generate funds for social expenditures, and to lighten the foreign debt burden.

Manuel Zelaya Rosales, minister of the Honduran Social Investment Fund, said there is an intention before the privatization takes place to change the name from Hondutel to Honducon, which will be regulated by a corporation and will guarantee the rights of sovereignty over the various operation permits for the companies that may be purchased.

Zelaya said we are talking about a period of a year and a half, and according to the proposal, stocks will be sold to the public; that is, to the best bidder. What was made clear was that Hondutel is not broke.

Reducing Flights

The application of the program for the modernization of the state was also discussed as well as the measures for reducing and rationalizing personnel working in the executive branch in order to reduce public expenditures.

In this regard, the ministers reviewed regulations on traveling abroad and the need to limit them to international meetings that are strictly necessary. They also agreed to increase the work done by embassies and consulates abroad in international forums, conferences, and meetings held by government organizations.

The ministers and directors of autonomous institutions informed of the reduction in personnel and the adoption of measures to save water and electricity and to reduce telephone bills. They also agreed to save fuel and paper and to prevent the theft of working material.

The health and education ministers said their administrative personnel would be reduced without adversely affecting the hiring of teachers and doctors.

The coordinator of the economic cabinet, Guillermo Bueso, evaluated the implementation of the economic program and recommended rigorousness in fulfilling the measures to reduce public expenditures.

In his opinion, results can be expected from the reduction of expenditures in April, because the payment of income tax was extended in order to achieve a firm trend.

He added the only cuts are those of personnel, as established by Congress in Decree 135-94.

Nicaragua

Lacayo's Government Cabinet Launches National Project

PA2504165195 Managua BARRICADA in Spanish 24 Apr 95 pp 1, 2

[Report by Xavier Rayo]

[FBIS Translated Text] The government cabinet led by Antonio Lacayo yesterday launched its National Project, the embryo of a new party. Its slogan is "This rattle really *shakes*" [Le *zumba* la matraca].

All ministers, directors of autonomous institutions, prominent government officials, dozens of haughty ladies and Managua money-bags, who occupied all the seats at the Olof Palme Convention Center, attended the ceremony. A small peasant delegation helped ease the bourgeois image of the ceremony. Humberto Belli, who

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had previously refused to sign a letter supporting Lacayo, was seen arriving alone at the ceremony.

The table was presided over by Minister Antonio Lacayo, of course, and other personalities identified with the high-ranking official, such as deputies from the Center Bloc and the Social Democratic Party, to which most ministers belong, and individuals "representing" all sectors, who were especially chosen to instill that image.

Oscar Sobalvarro, also known as *Ruben* in the *contra* ranks, was among those attending the ceremony. The presence of alternate Christian Democratic deputy Antonio Jarquin, who belongs to the CTN [Nicaraguan Workers Federation], surprised everyone.

The launching of the National Project helped Erick Ramirez's splintered Social Christian Party seek its wing. So did the entire National Executive Council of the Nicaraguan Democratic Movement with the notorious presence of its president, Deputy Roberto Urroz.

Certain businessmen such as Chamber of Commerce president Roberto Teran, Chamber of Industries' Alberto Chamorro, and certain bankers, all of whom support Lacayo, did not keep people waiting. Certain leaders of the cab drivers union, who previously led strikes against the government, also attended the ceremony.

Deputy Daniel Nunez, president of UNAG [National Union of Farmers and Cattlemen] and who had been announced as one of the main speakers, failed to arrive. Instead, he sent a third-level delegation headed by Daniel Aragon.

The ambassadors of the Group of Nicaraguan Friends, who sponsored the executive-legislative talks to overcome the institutional crisis, other diplomats, and Monsignor Eddy Montenegro, who represented the Catholic Church and who left early, were among the special guests.

Several ministers emphatically denied that the government was financing the ceremony. Finance Minister Emilio Pereira said that renting the venue and transportation were the only costs incurred, but that the time each one devoted to the ceremony was the most valuable asset. He described as "priceless" his resultant emotions.

Jaime Icabalceta, former head of the MCT [Construction and Transportation Ministry] and now FISE [Emergency Fund for Social Investments] president, was the emcee. He played his role well and roused the activists to increase the morale of the participants by frenetically shaking the rattle. Icabalceta explained that several companies financed the cost of broadcasting the event on radio and television.

After Adolfo Jarquin; Nilo Salazar; Marina Chamorro; Antonio Jarquin: Roberto Teran, Jr., on behalf of "businessmen without a party;" Daniel Aragon; and Gustavo Tablada spoke, Fernando Guzman read the "foundations" of this movement.

Lacayo closed the ceremony by delivering a speech in which he reflected the axis of his election campaign and stressing that his project is the continuation of the course chosen in 1990, which if is not continued, Nicaraguans will choose the path of confrontation.

Although he admitted the government has made mistakes, he considered the administration as being the right one with irreversible changes and a constructive revolution. He was certain that the government that will be elected in a year and a half will continue to follow the current course while maintaining its "achievements."

Minister Lacayo accepted the proposals other political sectors made as he defined a *Sustained Development Plan* that will create thousands of jobs, will democratize credits, and will eradicate the abject poverty that is threatening sovereignty and dignity. He also alluded to the presumed threats posed by the extremist political parties and the possibility of a new war following the 1996 election results.

While alluding to the role he plays in his project, Lacayo said he was a victim of slander, lies, and defamation. He maintained that all his interests lie in contributing to making, learning of, strengthening, and laying the "foundations" for his leadership, which will be selected early next year.

Although he repeatedly denied he is whimsically manipulating the National Project leaders, the signals he sent them from the dais every time he thought he had said something important, repeatedly forcing them to stand up, applaud him, and shake rattles, were evident.

Following the ceremony, he gave brief statements to the media. He could not hide his euphoria. Someone asked him if there was nepotism in his government, and he denied it is a nepotistic dictatorship.

Meanwhile, Minister Pereira pointed out that the negative side of this government will absolutely not be a nuisance for the National Project and assured Nicaragua has set an example for the world because it has undergone a swift, profound, peaceful, and organized transition.

Pereira admitted there is a profound economic crisis, which, he asserted, was inherited from the past, adding the crisis must have a nonpopulist solution, which is a process that will last a long time. He announced that the economic cabinet believes that thanks to the growth that will be experienced this year, the country's open unemployment rate will drop from 15 to 13 percent.

In addition, Pereira said that thanks to these efforts, 25 to 30 deputies are already guaranteed for the 1996 elections. He underscored that the *constitutional reforms* are illegal and a thing of the past, because Luis Humberto Guzman ignored the decision four judges rendered, which does not occur anywhere in the world.

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Panama

Group Says U.S. Embassy Plotting Kidnapping of Gonzalez

PA2604174895 Panama City LA PRENSA in Spanish 26 Apr 95 p A4

[Report by Manuel Alvarez Cedeno]

[FBIS Translated Text] The Committee for the Freedom of Pedro Miguel Gonzalez, Against Kidnapping and Extradition [Comite por la Libertad de Pedro Miguel Gonzalez, Contra el Secuestro y la Extradicion—CLPGCSE], has reported an alleged U.S. Embassy plot to kidnap Legislator Gerardo Gonzalez's son, who is accused of murdering U.S. soldier Orwel Zak Hernandez.

The U.S. Embassy in this capital rejected the CLPGCSE charges and described them as "absurd."

Pedro Miguel Gonzalez is under arrest at National Police headquarters, charged in the 1992 homicide of the U.S. soldier of Puerto Rican origin, the day before former U.S. President George Bush visited Panama.

CLPGCSE President Carlos Nunez, a journalist, told LA PRENSA that "we fear that the U.S. Army or some other organization within the Clinton administration may kidnap him, because we know of a civilian commando that works in the U.S. Embassy and is led by a clandestine section," which would carry this out.

But an embassy spokesperson said that "these charges are absurd. We trust the Panamanian legal system, and we hope for a fair and open process."

"All that is absurd. No one is encouraging his kidnapping. No one has any interest in kidnapping Mr. Pedro Miguel Gonzalez," the embassy spokesperson reiterated.

But Nunez said that the alleged commando "is ready to kidnap Pedro Miguel. We have the names of its members, but we will not reveal them."

They want to kidnap him "to make a show" in the United States and affect Panama's image and that of Legislator Gerardo Gonzalez, who is the president of the PRD [Democratic Revolutionary Party], Nunez added.

The CLPGCSE, which is headed by Luis de Janon, deputy director of National Casinos, will send President Ernesto Perez Balladares and Panamanian legislators an ultimatum on Friday on preventing Gonzalez's kidnapping.

Ministers Sign Agreement To Fight Crime Along Border

PA2604042395 Panama City Circuito RPC Television in Spanish 2300 GMT 25 Apr 95

[From the "RPC Television News" newscast]

[FBIS Translated Text] Yesterday evening in Santa Fe de Bogota, Panamanian Government Minister Raul Montenegro signed an agreement with Colombian Defense Minister Fernando Botero Zea to fight crime along the Panamanian-Colombian border. At a news conference, Montenegro said the most frequent crimes along the Panamanian-Colombian border are illegal immigration, drug trafficking, and weapons smuggling. Montenegro also denied Colombian prisoners in Panama are the object of illegal actions.

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Argentina

Daily Compares Oklahoma, Buenos Aires Bomb Attacks

PY2704005995 Buenos Aires CLARIN in Spanish 26 Apr 95 p 14

[Editorial: "Similarities and Differences"]

[FBIS Translated Text] The bomb attack in Oklahoma immediately reminded our country of the bomb attack against the AMIA [Argentine-Israeli Mutual Association], and also of the one perpetrated against the Israeli Embassy.

In all three cases, the attacks were perpetrated, presumably, with car bombs that caused huge buildings to collapse.

There are ominous similarities between the attack against the AMIA and the one perpetrated in Oklahoma: In both cases, the targets were buildings in charge of community affairs and the number of deaths was very high.

Searching for similarities is not a trivial exercise, because terrorist groups act in more or less informal networks that share some common elements, therefore, assessing each case may contribute to clarifying attacks that have already been perpetrated or to preventing future attacks. The situations experienced by the victim countries are very different.

In the United States, a few hours after the explosion, the authorities had already managed to pinpoint five possible suspects, and, in very little time, to detain several of them.

In the same way, the U.S. authorities had managed to identify and condemn those responsible for the attack against the World Trade Center in New York, perpetrated a little more than two years ago.

The case in our country is quite the opposite. It has still not been determined who was responsible for the attack against the Israeli Embassy three years ago.

In the AMIA case, which happened 10 months ago, only one suspected of being indirectly involved was arrested.

It is hard to determine why there are no results in the investigations into the attacks perpetrated in our country. This is probably due to the relatively lower capacity of our security forces, although several experts have opportunely stated that it is also due to deficiencies in the procedures followed.

Assessing the shared drama should contribute, however, to enriching the experience gained and to the ability to determine who is responsible in order to achieve justice and discourage future attacks.

Menem Signs Decree Regulating GATT Articles on Patents

PY2704030595 Buenos Aires TELAM in Spanish 0040 GMT 26 Apr 95

[FBIS Translated Text] Buenos Aires, 26 Apr (TELAM)—Government sources have reported that President Carlos Menem tonight signed the decree regulating GATT norms in the area of patents.

"The decree will become effective in January 1996. The delayed implementation will give the Congress a reasonable time to debate the content of the specific law that will regulate the issue of patents in the future," the official source explained.

The source added that Presidential Secretary Eduardo Bauza and Foreign Minister Guido Di Tella reached an agreement on the content of the decree during a meeting at Government House.

This afternoon Menem told journalists accredited to Government House that it was possible to regulate GATT norms "through a simple decree, and a decree of need and urgency might not be necessary."

The president said that "Argentine laboratories' interests will be expressly protected," arguing that "practically all countries that participated in the negotiations have signed the GATT agreement."

The president said the decree "will contemplate the interests of all inventors in order to avoid the type of confrontations that have done a lot of damage to our country and to other countries that have inappropriately used inventions produced in other parts of the world."

The president said the law approving the GATT agreement "was passed by Congress last December and was then promulgated by the executive branch."

Therefore, "according to the hierarchy established by the Constitution, this law is above all other juridical mechanisms because is the product of an international agreement," the president stressed.

Asked about Economy Minister Domingo Cavallo's remarks, Menem said that what Cavallo wants "and I want is for the law we sent back with objections to Congress to be coordinated with the law approving the GATT agreement."

The head of state said: "The main thing is to respect our GATT legislation. Otherwise, why sign commitments if we will not respect them?" He added that "this is the ABC's of national and international relations."

Army Chief Interviewed on Dirty War

PY2604152895 Buenos Aires Telefe LS84 Television Network in Spanish 0100 GMT 26 Apr 95

[Interview with Army Chief of Staff Lieutenant General Martin Balza by Bernardo Neustadt on the 25 April "Tiempo Nuevo" program in Buenos Aires—live or recorded]

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[FBIS Translated Text] [Neustadt] I would like to ask Lieutenant General Balza to sit down here and talk with me.

[Balza] How are you, sir.

[Neustadt] Fine. Thank you for coming. For a man who is not used to dealing with the media, I know silence is the easy way out.

For some time now, we Argentines are waking up to reports that such and such officer threw live people into the sea. We had Scilingo of the Navy, now we have non-commissioned officers saying it was the Army. I would like to hear your opinion, general.

[Balza] First I would like to thank you for allowing me to come here to render accounts. As chief of staff of the Army I can say that this is a difficult time for the institution.

In my notes prior to my address on 29 May, Army Day, I reflected a lot about what I am about to say. Some events have become public and this prompts me to talk about them today.

But, because I am afraid emotion—in that my responsibility, which enshrouds me at this time—will betray me, I ask you, all of you, to allow me to read many of the paragraphs.

[Neustadt] Please go ahead.

[Balza] The difficult and dramatic message I wish to address to the Argentine community opens a painful dialogue about the past. A painful dialogue that was never held, and which is now being stirred like a ghost in the collective conscience, a ghost that has relentlessly reappeared from the darkness where it has been hidden.

In the 1970's, our country experienced a decade marked by violence, messianism, and ideology. The violence began with terrorism, which did not stop even during the democracy that we experienced between 1973 and 1976, and unleashed a repression that, even today, makes one shudder.

Throughout history, even in the most cultured countries, there have been harsh periods, obscure periods that cannot be explained. We were not completely free from that destiny, which so many times appears to separate a nation from dignity; from what is justifiable.

That past struggle among Argentines, a struggle of fratricidal death, has brought forth victims and executioners from the past, which frequently exchanged roles over a period of time, according to the viewpoint, according to the painful opinion of those who remained empty handed due to unexplained and irremediable absences.

This spiral of violence created an unprecedented crisis within our young country. The Armed Forces, and within them, the Army, for which I have the unavoidable responsibility to speak, mistakenly believed society did not have the necessary anti-bodies to face the scourge and—with the agreement of many—took over once again, thus abandoning the path of constitutional legitimacy.

The Army, instructed and trained for classical warfare, did not know how to face demential terrorism with the law in its hands.

This mistake prompted a dispensation of the identification and location of the adversary through a search for information, in some cases illegitimately and without dignity, that even led at times to the suppression of life.

Thus, the path that leads to a just end—which necessarily means the use of just means—was not taken.

I once again repeat, the end does not justify the means.

Some, not many, used their weapons for personal benefit.

I would be easy to find the cause of the these and other errors within the leadership, because the person who leads is always responsible. I sincerely believe the time has now come to assume the appropriate responsibility.

The fact that some members—members of the institution—dishonored a uniform they did not have the dignity to use, does not invalidate in any way the unselfish and silent work of men and women of the Army of that time.

We are now some 20 years from those sad and painful events. Without doubt, the time has now come to thoroughly review them. In doing so we will not only acknowledge the bad things about our past adversary, we will also acknowledge our own failures.

In a just way we will observe and we will be observed. In a just way we will acknowledge their errors and our errors. In a just way we will see that nearly all of us are to blame for the confrontation among Argentines through either neglect or omission, absence or excess, and consent or council.

When a social body seriously commits itself, through the deaths between fellow countrymen, it would be very naive to seek just one guilty person from either side. Basically because the blame resides in the collective conscience of the nation as a whole, even though it is easy to blame a few in order to free ourselves.

We are realistic. Despite efforts by the Argentine political leadership, we believe the long desired moment of reconciliation has yet to arrive.

To wipe away the blood of the son, father, husband, mother, or friend is a harsh exercise in tears, consolation, blindness, or of asking oneself: Why, why me, and thus, to begin again every day.

Those who, in this painful stage, lost their beloved ones, in any way or under any circumstance, need generations

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to alleviate the loss, to find sense in a sincere reconciliation. These words are not for those people, because I do not have the words. I can only offer them respect, silence in the face of pain, and the firm commitment of my entire effort in creating a future that will not repeat the past.

I am addressing myself to all those others, those who were lucky enough to not lose our dear ones in the struggle among Argentines. I ask each one of them, no matter their position, to face this drama of society as a whole with responsibility and respect.

Responsibility, so that pain does not become a casual banner for anyone; responsibility in that we assume the blame that is ours, or not, of that time. Respect for those who died, so as to stop using the adjectives that have been used by both sides for such a long time. They have all by now been accounted for in that place where only the truth is told.

A list of disappeared persons does not exist in the force I command. If it did exist, it has not survived.

No list will bring back a beloved one. No list will permit the burial of the dead that do not exist, nor help their beloved ones find a place in which to honor them.

Moreover, without being able to order the recompilation of the list—because we are faced with individual consciences—if there is anyone in the Army who has a list at their disposal or who can remember enough to restore the past, I publicly guarantee complete privacy, and the dissemination of any list under my absolute responsibility.

This step starts a very long journey. It is a minor contribution that can only be done among ourselves. It will one day be concluded with reconciliation among Argentines.

I have meditated these words at length and I know I will always leave sectors in disagreement. I assume the implications because I am convinced of the obligations of time and the post which I have the honor to hold.

Moreover, a minimum of sincerity would serve very little if we review the past without seeking to avoid a repetition.

Without using innovative words, but appealing to old military rules and regulations, I seize this opportunity to reissue an order to the Army in the presence of society as a whole.

No one is obliged to carry out an unmoral order nor is he obliged to forget the laws and military rules and regulations. He who did so resorts to a vicious misconduct worthy of the punishment that the seriousness of the case merits.

Without euphemism I clearly say: He who violates the Constitution commits a crime. He who imparts immoral orders commits a crime. He who complies with immoral orders commits a crime. He who uses unjust and immoral means to seek a goal that he believes to be just commits a crime.

The understanding of these essential aspects are the basis of the republican life of a state. When a state is endangered, the Army is not the fatherland's only recourse. These words have been instilled in the military reserve many times.

I firmly believe a nation's reserves are born from the leadership nucleus of all of its institutions. From its universities, culture, people, and political, religious, union, and business institutions, and also from its military leadership.

To be able to understand this, to definitively abandon any apocalyptical mission or arrogance, to be able to accept dissent and accept the sovereign will is the first stage that we have been transiting for years now in order to leave the past behind, to help construct an Argentina of the future, an Argentina that has matured in pain, an Argentina that will one day achieve a fraternal embrace.

If we are unable to overcome the grief and close the wounds then we have no future. We must not continue to deny the horror that we have experienced. We must think like a society looking toward the future, and thus we will overcome the pain and suffering.

In these crucial hours for our society I—as commander in chief of the Army, to ensure its historic continuity as an institution of the nation—assume our part of the responsibility for the errors in the struggle among Argentines that affects us all again.

I assume all responsibility for present times and all the institutional responsibility of the past.

I am aware of the efforts being made with an eye to the future.

This is why I thank all those whom I have the honor to command.

This represents the reality of an Army that works under harsh conditions, but always respecting the republican institutions and always putting the best of itself at the service of society.

I ask for God's help, the God as I understand him, the God as everyone understands him, and I ask for the help of everyone in our beloved country to begin the transition toward a dialogue that will restore harmony among the bruised Argentine family.

Ladies and gentlemen, thank you very much. Neustadt, I reiterate my thanks for allowing me to tell the truth today to society in the name of the Army.

[Neustadt] Forgive me, but I wish to invade your privacy. I have the sensation that you are assuming the blame.

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[Balza] I assume total responsibility of the present because I command this Army, I have the honor to command it. I always say that I will not defraud those under my command, nor society, nor he who confides in me and named me chief of staff of the Army.

[Neustadt] Do you feel you will receive harsh answers tomorrow?

[Balza] Very probably, but it is part of the responsibility I must assume.

[Neustadt] Even from your former colleagues?

[Balza] Even from them. It is part of the responsibility I have as chief of staff, and I am willing to assume it.

Nearly a year ago I told you about painful dialogues within our society that were not being held. The Army, and its chief of staff, wants those dialogues and is willing to maintain them.

[Neustadt] Lastly. Did you discuss this with President Menem?

[Balza] No I have not discussed it with President Menem because I believe this is my sole responsibility as Army chief of staff.

[Neustadt] Thank you very much general.

[Balza] Good bye.

Menem Supports Balza's Remarks on Subversion Crackdown

PY2604165395 Buenos Aires TELAM in Spanish 1346 GMT 26 Apr 95

[FBIS Translated Text] Buenos Aires, 26 Apr (TELAM)--President Carlos Menem today supported Lieutenant General Martin Balza, the Army chief of staff, who yesterday formulated a self-criticism of Army actions during the illegal repression of subversion.

Reviewing reports supplied by former Navy Captain Adolfo Scilingo and former Army Sergeant Victor Ibanez, Menem said: "I believe it was excellent" for Balza to give this full explanation "if not, we would have forever heard individuals, in rapid succession, commenting."

Balza last night initiated "a painful revision of the past," offered security to Army people who want to help to recompile the lists of missing people, and formulated a self-criticism of illegal repression.

The president told Radio America and Radio 990 that Balza's message "once more" confirmed "his honesty, courage, and ability." Menem emphasized that the document released yesterday by the Army chief of staff "has subjected to discussion an issue that was somewhat nebulous."

Menem pointed out: "The remarks by both sides were leading the people into a kind of uncertainty and confusion." He emphasized: "It was essential to apply the brakes."

The president noted: "Now this issue is very clear. We could not continue to experience similar situations every day."

The president lashed out against "the way these individuals, who could as well have resisted truly aberrant orders, acted." He said: "I am very happy to have a man with such ethic and moral principles as General Balza as Army chief."

Concerning the reports by Ibanez, Menem said: "As only right for a person subordinated to civilian power, General Balza first asked Defense Minister (Oscar Camilion), who approved" the dissemination of the message broadcast yesterday.

Commenting that the defense minister became acquainted with Balza's decision "and, with a very sound judgment, authorized it," the president noted that "the Armed Forces chiefs have a clear sense of subordination."

The president noted: "Now, if similar situations arise, other branches will follow suit," adding that "no one in the Air Force has filed this type of report."

Asked about the Navy's stance toward Scilingo's report, President Menem said the Scilingo report episode "had other connotations. A number of situations, involving legal problems, arose, but this did not happen now."

Menem emphasized that Scilingo "now is selling the rights on those reports, which have become a film script, to make a movie in Hollywood that will bring him $1.5 million."

The president noted: "It is very strange that this report has cropped up 20 years after this dark period of Argentine history had been closed."

Menem added: "Time acted like a kind of brake and everyone believed the issue had been definitely closed."

Defense Minister Comments on Balza's 25 Apr Remarks

PY2604222295 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1503 GMT 26 Apr 95

[FBIS Translated Text] Buenos Aires, 26 Apr (NA)--Defense Minister Oscar Camilion said today that the head of the Army, Lieutenant General Martin Balza, interpreted "the feeling of most members of the institution and the Argentine people" when recognizing the Army's participation in the repression during the last military dictatorship.

The military chief's admission of guilt for events that occurred during the so-called "dirty war" to implement the process of national reorganization in the 1970's was,

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according to the defense minister, "the final page of a decision that (Balza) has been pondering during the past few months."

Camilion said that he did not hear Balza's statement, but added that he was aware of the message's content because he had discussed it with Balza "yesterday and during the past week."

"If you look at Balza's statement carefully, you will see that it contains elements he mentioned previously," the minister told Radio del Plata.

Camilion said the Army admission of its participation in the fight against subversion "will naturally" provoke the "adverse opinion of minority military and social groups." The minister added that after making a general evaluation he concluded that "reactions are positive."

"Balza has been very sincere. His message contains an overtone of pain and sincerity. I think he has interpreted the feelings of most members of his institution and most Argentine citizens," Camilion said.

The defense minister added: Among officers from earlier classes, there "might be some minority groups that will disagree."

Camilion insisted that Balza's attitude "is a step forward in the search for the truth or the spirit of the truth," adding that "everyone should recognize that the events that occurred in the country during the 1970's were not the consequence of someone's whim. Everything that occurred at that time was part of the overall context."

With respect to the president's lack of advance knowledge with regard to the announcement, Camilion said: The Armed Forces commander in chief "was not consulted because he trusts his defense minister."

"(Menem) is basically satisfied with the fact that Balza assumed his institutional responsibility. Besides, (what he said) is the Army's responsibility," Camilion said.

The defense minister concluded by saying that the other military branches "have their own interpretation of their historic role," ruling out the possibility that Balza's statements might generate controversies in military institutions.

Former Navy Chief Calls on Subversives To Repent

PY2704000795 Buenos Aires TELAM in Spanish 1519 GMT 26 Apr 95

[FBIS Translated Text] Buenos Aires, 26 Apr (TELAM)--Retired Rear Admiral Horacio Zaratiegui has said that Army Chief Lieutenant General Martin Balza assumed an attitude of greatness, but also pointed out that no one from the subversives' side repented publicly.

"General Balza's attitude was an attitude of greatness, but I do not agree with the unilateral nature of the act," Zaratiegui told Radio del Plata.

"This self-criticism has not prompted the other side to act in like manner. We still have not heard anyone (from that group) publicly repenting for their acts," the former rear admiral said.

Zaratiegui gave as an example the case of journalist Horacio Verbistky, "who was the Montonero Army intelligence chief, and, as such, responsible for selecting targets for the subversives."

"I have not heard Mr. Verbistky utter a single word of repentance for his actions. On the contrary, on one occasion he publicly said that he was proud of having been a Montonero," the former Navy chief said.

"We must take into account the different ethical attitude with which the Armed Forces faced the consequences of that past," Zaratiegui said.

"We must recall that only one military officer left the country to avoid being tried for responsibility with regard to alleged crimes during the war against subversion," Zaratiegui said, referring to the late General Guillermo Suarez Mason.

"Precisely the opposite occurred on the other side, except for the three cases of (Oscar) Bidegain, (Ricardo) Obregon Cano, and (Mario) Firmenich. All other Montoneros left the country and were not available to face the consequences of their acts. They waited for an amnesty law before deciding to reappear publicly," Zaratiegui emphasized.

Asked about the recent appearance of "repentant" officers, Zaratiegui said: "Not a single case involves problems of conscience. If that were the case, they would have given more complete information."

"The information they provided contains nothing more than vague descriptions and contradictions. Such is the case of [former Sergeant Victor] Ibanez. He said he could not see the faces of the people who were dropped in the sea because they were hooded. However, he mentioned concrete names. Perhaps they are reading the fateful book 'Never Again,'" Zaratiegui concluded.

Cavallo: Cuban Government Recognizes Debt

PY2604145695 Buenos Aires TELAM in Spanish 0040 GMT 26 Apr 95

[FBIS Translated Text] Buenos Aires, 25 Apr (TELAM)--Economy Minister Domingo Cavallo announced today that the Cuban Government has recognized a $1.281 billion debt with Argentina.

During a news conference, Cavallo explained: "This recognition permits us to use the debt to capitalize operations through Argentine investments in Cuba."

Most of the debt, involving a car sales operation that challenged a trade blockade imposed on the Caribbean island, was recognized by the Cuban Government back in 1973, when Jose Ber Gelbard was economy minister.

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Since 1973, Argentine and Cuban officials have held many talks to fund the debt and its subsequent refinancing.

Following a visit by Roberto Mori and Ricardo Sigwald, two Bank of Investment and Foreign Trade (BICE) directors, to Cuba last week, an agreement was achieved under which the Cuban Government recognizes a $1.281 billion liability as of 31 March.

During tonight's news conference, in which he also participated, Sigwald emphasized: "There was no debt reduction or pardon."

Cavallo on Cordoba Administrative Situation 'Disaster'

PY2604121795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1917 GMT 25 Apr 95

[FBIS Translated Excerpt] Buenos Aires, 25 Apr (NA)—Economy Minister Domingo Cavallo said today that Cordoba's administration is "a disaster, plain and simple," and accused Governor Eduardo Angeloz of "shamelessly lying when saying that the nation is responsible for all his province's problems."

Cavallo said that the only way the province can pay its public employees and pensioners is "privatizing 100 percent of Cordoba's provincial bank and Cordoba's provincial energy company."

The minister said Cordoba's economy "is practically in a terminal situation," adding that the provincial administration is the worst in the entire country.

Cavallo ruled out the possibility of helping the Angeloz administration financially. He said: "They must help themselves by balancing their fiscal accounts."

"The windows of the Fiduciary Capitalization Fund are open to finance the privatization of provincial banks and energy companies. Regrettably, the governor, from a purely electoral attitude, has refused to resort to this mechanism to pay his obligations," Cavallo said.

The minister denied that the central government has helped La Rioja more than Cordoba. Cavallo said: "Last week Cordoba received 28 million pesos in advance. This year the province has already received more than 150 million pesos, which is more than is due the province on account of the federal revenue sharing mechanism." [passage omitted]

Cavallo said that during 1993 and 1994, Cordoba's government increased public spending "uncontrollably," accumulating a debt of 1 billion pesos. The minister said "the only way to solve the problem is starting a state reform process."

Cavallo said the Angeloz administration has a fiscal deficit of 1 billion pesos and a debt of 450 million pesos with the provincial bank.

"The Mexican crisis was harsh with the Bank of Cordoba, causing cash withdrawals and the loss of financial sources. Despite the 250 million-peso aid package granted by the Central Bank and the National Bank, the province does not have a cent to pay provincial employees' salaries," the minister said.

Cavallo charged that despite the obvious cause of the problem, Angeloz "accuses the nation of responsibility for his province's disastrous situation."

"These lies no longer convince anyone. The provincial bank and the energy company have long been a center of corruption. Besides, Angeloz has taken a terribly demagogic position on the pensions fund," Cavallo stressed. [passage omitted]

The economy minister said that this year "we will hardly have quantitative improvements (in the economy)," but stressed that "we will see formidable progress qualitatively."

"We will begin 1996 with an economy that will be better organized than the situation we had when we had to confront the Mexican crisis. The key to a nation's success is to transform crises in order to continue advancing," Cavallo said. [passage omitted]

UCR Presidential Candidate Lauds Army Chief Balza

PY2604225095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1515 GMT 26 Apr 95

[FBIS Translated Text] Buenos Aires, 26 Apr (NA)—Radical [Radical Civic Union, UCR] Party presidential candidate Horacio Massaccesi today lauded Army Chief General Martin Balza for recognizing the illegal character of the repression during the military dictatorship. He said his words constitute "progress."

"I think it is a step forward that outlines the need to clarify what occurred in the past in order to face the present and be more sincere and cognizant with regard to the future, in order to prevent things of this nature from occurring again," Massaccesi said.

The UCR candidate said that Balza's remarks "begin a new stage that we hope will be the definitive one."

Massaccesi made these remarks during the television program "La Manana," aired by ATC [Argentina Televisora Color Network]. The UCR candidate downplayed the importance of surveys, adding that the remaining 15 days of the campaign "will show a lot of changes."

"I am absolutely convinced that the UCR will be the alternative chosen to correct the model in effect in the country," Massaccesi said.

With respect to Frepaso [Front for a Country in Solidarity] candidate Jose Octavio Bordon, who according to surveys is running second behind President Carlos

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Menem, Massaccesi said: "There is quite a difference between what he says and what he does."

"I think Bordon is trapped because he wants to take a little bit from everywhere. He is trapped in the middle and, therefore, he cannot take a stand on anything," Massaccesi added.

The UCR candidate added that Bordon "is profiting from society's present state of great uncertainty and that is why he sells a moderate speech."

Massaccesi insisted that Bordon "has an artificial position and takes the middle in order to get a little bit from both sides, but you must make politics with real power, with clear objectives, and with the support of that part of society that shares your path."

"Politics is not an electoral circumstantial element. I do not know how he will govern the country without Congress, without mayors, and without a clear ideological stand. You cannot campaign one month to recruit UCR leaders and one month to recruit Justicialist Party leaders," Massaccesi said.

The UCR candidate said: "I do not know anyone who can give me the names of five Frepaso candidates for governor. In this country, if you want to implement federal policies, you must have your own governors."

Candidate Rico Labels Balza's Position 'Courageous'

PY2604232395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0236 GMT 26 Apr 95

[FBIS Translated Text] Buenos Aires, 25 Apr (NA)—Aldo Rico, presidential candidate for the Modin [Movement for Independence and Dignity], labeled today as "courageous" the position taken by Army Chief of Staff General Martin Balza regarding the Army's responsibility in the repression against subversion. Rico added: "I would never have obeyed an illegitimate order."

Rico said that General Balza accepted as his own "that which is his obligation" upon assuming responsibility for the "mistakes" committed by the Army in the past and present.

Regarding his participation in that period, Aldo Rico said he never received "an illegitimate order, perhaps because I would never have obeyed it."

Regarding the due obedience law, Rico denied its existence and justified his opposition by saying that "wise and old codes demand the review of an order, and if it is not legitimate, it is not obeyed."

Aldo Rico also ctiticized democracies that "are used to legislate for criminals," referring to the Amnesty Law and the Due Obedience Law promulgated by constitutional Presidents Raul Alfonsin and Carlos Menem respectively."

However, he viewed these laws as having originated during the period when Hector Campora was president, when, through an amnesty law, more than 2,000 political prisoners were released.

Regarding another issue, when Rico was asked about the medical patents law and the presidential veto of the bill approved by Congress, he said: "This dependency on the United States cannot be accepted."

Jose Octavio Bordon Interviewed, Profiled

95SM0298A Buenos Aires CLARIN (SUNDAY MAGAZINE SUPPLEMENT "VIVA") in Spanish 16 Apr 95 pp 60-67

[Interview with Jose Octavio Bordon, president of the Front for a Country in Solidarity (FREPASO), by Claudia Acuna and Gabriel Esteban Gonzalez, in his home; date not given; first seven paragraphs are CLARIN introduction]

[FBIS Translated Text] He was a good goalie and a fair guitarist with a student folk singing group. He thought about becoming a priest but realized that his vocation lay elsewhere: politics. He worked in Las Villas, went to school with big businessmen, and became just another jobless worker when the military coup took away his post as a college professor. A former Christian Democrat, former Justicialist, former governor, and current national senator, today at age 49, and after defeating Carlos "Chacho" Alvarez in the primary, he is the presidential candidate of a new party: the Front for a Country in Solidarity.

The fax machine on the kitchen table is spitting out an article on current political events in Argentina that appeared in a U.S. newspaper. Three cellular telephones ring from time to time on the table in the dining room. And that is all. There is no noise or commotion in the apartment, which has four spacious, bright rooms, a fireplace, wooden floors, and potted flowers on the balcony. Only one woman walks back and forth with a self-confident, determined step to monitor the fax, answer calls, and watch the coffeemaker ("I bought this one because it is simple enough for a man to use"), and in between arranges the pile of papers on the desk. The woman checks her watch:

"It is time now."

It is at this point that Jose Octavio Bordon, 49 years of age, 30 of them as a politician, a former Christian Democrat, former Justicialist, former deputy, former governor of Mendoza Province, current national senator, and one of the three main candidates who are in the stretch run of the presidential campaign, gets up and starts walking around.

People slowly begin appearing on this household scene: former Foreign Minister Dante Caputo, his campaign coordinator, will sit down in the dining room to read the papers; spokesman Carlos Campolongo will stretch out

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in a chair and listen in on the interview, just like Nilda Bordon, the candidate's sister and right hand. The phones will start ringing without interruption, and the fax will dictate the pace of the campaign from the kitchen. And the woman, Monica Gonzalez Gaviola de Bordon (48, married since age 24, a sociologist like her husband, an expert in public opinion polls, and the mother of three children) will remain there, alert, keeping one eye on the chicken cooking in the oven and another on the electronic datebook that tells her that there is a meeting of the campaign committee at six in the morning.

By the time that a smiling, trim, and restrained Jose Octavio Bordon arrives on the scene, the conversation will already have the strange air of an informal gathering at which the head of household will explain to some guests carrying tape recorders and flashes the sort of life that each and every one of the people present has lived.

"I would warn you that you are sitting in my favorite armchair and that this is my only pet peeve. I have a rocker just like it in Mendoza and I wanted to have another one here because I love it."

[CLARIN] But now your ambition is to wind up in another chair, although it is surely a more comfortable one....

[Bordon] Believe it or not, I like this one better. It is very comfortable. Stay there and see for yourself.

[CLARIN] How interested are you in having power?

[Bordon] I have more of a calling than an ambition for power.

[CLARIN] You must know that as far as people are concerned, when a politician is the one speaking, a calling is almost synonymous with ambition....

[Bordon] What has happened is that many bad examples have caused people to lose confidence, not in democracy, but in political leaders. And this is what I would like to reverse: to get young people involved in politics as much as they were in my day.

[CLARIN] Yet two of your children are studying economics. Is that an approach to politics in the 1990's?

[Bordon] No, not at all. Look, in my home I am a fan of Rosario Central; my eldest is a fan of Boca, and the youngest, who is 12, roots for River. So as you can see, I do not try to impose anything on my children.

[CLARIN] And what do you do when you go to see a game?

[Bordon] We go together. This year the three of us went to see Boca; we sat there quietly in the grandstand, while only one of us celebrated. The next week the three of us again went together to see River, which was celebrating its championship. In this regard we are an example of peaceful coexistence. [end of answer]

Bordon has three adolescent children. The eldest, Matilde, was traveling through Europe until just a few days ago. She first took an English refresher course in London and then, "with one of those train passes that let you visit two or three major capitals," extended her stay another month. The one in the middle, Ignacio, is in the second year of his economics major and also studies theater. He often rehearses at the far ends of the large home that the Bordons have in Mendoza. Juan Manuel is the youngest, 12, and as he completes his last year of primary school, he is preparing to enter a secondary school that is as demanding, in the view of Mendoza residents, as Nacional Buenos Aires. Bordon speaks of them with the enthusiasm and pride of any father, even if he is not just another father: "I see them little nowadays and I miss them a lot. Especially the youngest, because he does not like to come to Buenos Aires." Bordon's children have at least become accustomed to seeing any private action by their father become a public event. This restrained, cautious man realizes that he has to answer all the questions in order to pass all the exams. He has even admitted, without prudery or modesty, that he was a virgin when he married.

[Bordon] I said that because I did it with great emotion, with great love, and with great conviction.

[CLARIN] Do you want your children to do the same?

[Bordon] The only thing that I want for them is to be loved and to marry for love. That is what matters most to me.

[CLARIN] Do you talk about sex with them?

[Bordon] Yes, at home we talk a lot about all issues. And in this day and age it is not the parents who talk to their children about everything; it is the opposite: the children come to us with their concerns.

[CLARIN] And of all the things that your children bring up with you, which ones worry you the most?

[Bordon] Well, I worry about fast driving, the number of kids who mangle themselves on the road. Although my children are very careful, when they go out, I am tied up in knots until I see them back home. Every siren I hear wakes me up. I cannot fall asleep. And when I was young, I used to like car races, but it's different now: accidents are almost the leading cause of death among young people today. [end of answer]

Bordon's apartment has neither air conditioning nor ashtrays. He stopped smoking a few days after his first child, his daughter, was born 23 years ago. His wife Monica picked out and decorated this, their Buenos Aires home. But the only thing that she boasts of is that she got a large, bright apartment a block and a half from Congress. "Commuting tires my husband, as it does all of us from the provinces. So I looked for a place where he could walk to work."

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Bordon is not from Mendoza. He was born in Rosario, grew up in Martinez, and got to know the province of which he would become governor only after he married. But he picked up two weaknesses there: naps and a hatred for minibuses. The rest of his background has to be traced back to his days as a student in the Colegio Marin. His parents (Jose, an anti-Peronist through and through and a tax specialist, and Carmen, a deeply religious woman and a speech pathologist) wanted him to go to a school with two sessions, a lot of athletics, and strict discipline. Jose Octavio Bordon proved to be a good student and an even better athlete, but he also discovered what he now calls "his true vocation." Guided by the brothers at the school, he began working in a slum. "We went with a group to work in La Cava. We helped the youngest kids do their chores or helped install running water."

[CLARIN] How was it for a middle-class boy attending school to visit a slum?

[Bordon] The truth is that the initial impact was very stark. Because until then the contact that I had had with poverty was very different. At the most I used to see one of the kids from an immigrant family, the "tanitos" we used to call them, walk up to you with one hand behind his back and the other one stretched out. He would be along with his father, who could be a barber, shoemaker, or tailor, but with a stable job and a humble, but decent home. Going into the slums was really a shock.

[CLARIN] And how did they look at you?

[Bordon] They looked at us like people from another planet, but over time we became friends.

[CLARIN] Have you ever been back there?

[Bordon] No, can you imagine that. With all of the neighborhoods that I have walked through, I have not been through there yet.

[CLARIN] Back then you also played soccer and were on the field with Carlos Bulgheroni, who is a powerful businessman today.

[Bordon] Yes, he was a schoolmate of mine from the second to the fifth year of secondary school. I was on the same team with him and Julian Ganzabal, who afterwards was a top tennis player, and Alejandro Travaglini, who was an outstanding rugby player on the Pumas.

[CLARIN] And have you seen them since?

[Bordon] Yes, we see each other from time to time.

[CLARIN] It was also around that time that your father made you choose between soccer and school, wasn't it?

[Bordon] Yes. And I cried for a whole day, locked up in my room. It was tough, because I was on the River farm teams and I was a good goalie. My dream was to be like Amadeo Carrizo. It was tough, but I did not see it as a failure because I also liked school a lot. [end of answer]

So, school became his life: a lot of sports, work in the slums, parties at which he played the guitar alongside the son of Edmundo Rivero in a group called Los Caminantes, and few, very few women. "I had two or three girlfriends, but for just two or three days. My first lover was Monica, my wife." He says it with the proud and contented smile that he always wears when he mentions her name.

[CLARIN] Who is in charge of finances in your home?

[Bordon] Truthfully, Monica. She has more responsibilities than I do. We obviously share the decisionmaking because we both contribute and set our priorities.

[CLARIN] What is your monthly family budget?

[Bordon] Well, the operating budget...I do not have the exact figure, but it must not be more than 6,000 pesos.

[CLARIN] And how much money do you have on you right now?

[Bordon] I never carry money when I go out. These days, moving from here to there in the campaign, I would be tempted to spend a bit too much. The campaign committee pays the trip expenses, so I do not need much. I collect my salary, take out what I need for personal expenses—coffee, the paper, things like that—and Monica keeps the rest because our major fixed costs are in Mendoza. [end of answer]

Monica and Jose were married on the evening of 6 January in a chapel in Chacras de Coria, Mendoza. In their early years together they lived in an apartment at 444 San Lorenzo Street, in the capital of Mendoza, which Monica's father gave to them. That home and a green Citroen that they bought on credit were the couple's only assets until, years later, they were able to move into the home that they have today in Mendoza. But to get there they had to go through many bleak, troubled years. Bordon had to become an activist in the Justicialist Technological Commands first, then a presidential adviser, and lastly return to his post as a college professor. In the meantime, General Peron had returned, been victorious, and died; the long dark night of the Triple A had begun, and the days of terror with the military coup had arrived.

"After the coup we were left without a job. We had to leave Mendoza because we felt watched, persecuted, and we were afraid. We rented an apartment in La Boca on Almirante Brown y Lamadrid Street. The children went to the Quinquela Martin school, and Monica, who had worked as a respected professional, had to start making the kids' overalls because we could not afford to buy them. But in the midst of this crisis we made a choice for life: Monica became pregnant with Lucia. My daughter died two months after she was born, of heart failure. It was the toughest time of my entire life."

Monica always blamed her daughter's death on the threats against them at the time. "I was two months

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pregnant when they tried to kidnap my husband, and it is precisely two months into gestation that the heart functions are determined," she now says with a grieving tone that softens her local accent. Bordon does not even want to go over the details. When did it happen? How did they come looking for him? Why? "Those were days of panic and grief. I do not know why; I never found out, but I know that men in uniform came looking for me at work." He had gotten the job through his friend Jorge Haieck, an engineer whom he had met in 1973 in the Justicialist Technological Commands. "He had known me as a college professor, sociologist, and presidential adviser and wanted to get me an important post. But I told him: what I need is to feed my family. So I am willing to do anything because I do not know what to do anymore. So he got me this simple job for four hours a day: I clipped articles from newspapers and put them together."

[CLARIN] And you wound up the manager of none other than SOCMA, from the Macri group. An incredible story, isn't it?

[Bordon] Well, first I went from being an aide to the person who prepared the reports from my clippings to writing up those reports myself. Within a year I was no longer an independent contractor, and later, when a new company was formed, they gave me the post of manager.

[CLARIN] And did you earn all this because they had confidence in you or because of the quality of your work?

[Bordon] I earned it through my work! I worked all day. I went home to have dinner with my family and then went back to work all night long, studying, because there were things that I had never seen before: what a sulfuric acid plant or a nuclear power plant was like, for example. I studied all night from the books that my friends lent me so that the next day, when they talked with me about the subject, I could understand somewhat. I really remember those years as very tough, but very enriching.

[CLARIN] Carlos Grosso started working in the same company around that time, didn't he?

[Bordon] Carlos got in a few days later.

[CLARIN] Were you friends?

[Bordon] Yes, we were very good friends. We met as youngsters in college and afterwards we shared a political agenda for many years. Our families would not go out together, but he and I would sit down over coffee to chat about politics or talk for hours about Castaneda's "The Teachings of Don Juan," a very profound book that had a strong impact on us, and we talked about the search for truth.

[CLARIN] That sounds ironic today, given how Grosso left government.

[CLARIN] Yes...it is sad. Carlos and I wound up far apart in the political arena, but this is one of the issues on which I maintain a painful silence. That obviously does not mean that I agree with what he did or absolve him of blame, but the good people who have been left behind, for one reason or another, arouse feelings of sadness in me.

[CLARIN] What causes a politician to become corrupt?

[Bordon] I think confusing the essence of what one is doing with the nonsense that surrounds one. I always tell my kids that becoming corrupt is not only very immoral but very stupid as well. Because you lose people's gratitude and affection, your honor and your clear conscience. I learned this from years and years of engaging in politics.

[CLARIN] Are you a man of faith?

[Bordon] Yes, I am a man of faith.

[CLARIN] And do you pray?

[Bordon] Yes, but in a very special way. Except for the Our Father or reading a prayer by Saint Francis of Assisi that I have under the glass on my desk, I try to converse with God. It would never occur to me to ask him to win an election for me, because I would see that as an erroneous view of faith, but I do ask him for strength, for forgiveness for my mistakes.... And I feel that if I do so with honesty and humility, he is going to listen to me.

[CLARIN] Did you ever think of becoming a priest?

[Bordon] Yes, as a teenager. But I later realized that I had more of a social than a religious vocation.

[CLARIN] Deep down, as a Christian, when a politician like yourself has to take an austerity measure and knows that it means that a family will have to tighten its belt more than it ought to, what do you feel?

[CLARIN] It kills me, but I think that any measure has to be equitable in order for it to be just.

[CLARIN] But if it cannot be....

[Bordon] (interrupting) Look, a very inhuman philosophy has taken hold here, as the haves explain to the have-nots that they have to accept the sacrifice and think in the long term. We have lost our sense of balance. I agree that what we do not have cannot be distributed, but Argentina has gone from being a country that distributed income equitably to being a country that is completely inequitable because of economic concentration. This cannot be changed overnight either, but it is a process that must begin and become irreversible.

[CLARIN] There are those who say that you are a meticulous and austere version of this economic model....

[Bordon] I want to be an austere and meticulous president because I am an austere and meticulous person, and I cannot be anything else. But I think that I am much more than that. Mine is a modern approach to politics; I believe in teamwork, not leaders, in justice, governors,

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Congress, the press, and all the institutions that cause a person to govern not as a boss but as a president. Our austere and meticulous platform is a good starting point, but we are much more than that.

[CLARIN] Are you always like this, so proper?

[Bordon] Are you asking whether I ever explode? Yes, at times I explode.

[CLARIN] If someone crashes into your car, do you let fly with a swear word, for example?

[Bordon] No, I am an incredibly calm driver. I drive the way I practice politics. It is very unlikely that I will lose control.

[CLARIN] What things drive you crazy?

[Bordon] I must have exploded only once or twice in my life. Once during a congressional debate when I saw that Federico Storani (a Radical deputy) was giving me the finger. I went nuts. He later explained to me, though, that he was giving it to someone standing behind me. But I think that over the years and with the greater responsibilities that one comes to take on, one is obliged to become increasingly demanding and balanced. Because when one governs, even if one is experienced, one realizes that it is not child's play; one realizes that one can also make mistakes and then one has to be poised enough to listen to advice. I hope that one day if I am ever unable to listen to criticism with poise and humility, someone will tell me.

[CLARIN] And who do you think that person will be?

[Bordon] I am sure that it will be Monica.

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Likes and Dislikes

[CLARIN] Who cuts your hair?

[Bordon] In Mendoza, the same hair stylist who cuts my wife's hair. I go on Saturdays in the late afternoon and I head toward the back of the room, because it is full of women. Here it is Martin, a boy who comes to my Senate office so that I can keep on working while he works.

[CLARIN] A favorite recording?

[Bordon] "Somos mucho mas que dos," lyrics by Mario Benedetti and music by Alberto Favero, but the Zupay Quartet's version.

[CLARIN] What book would you give an enemy as a present?

[Bordon] I have adversaries, not enemies. But I would give him "Paula" by Isabel Allende, because it touched me greatly in showing how resentment makes no sense.

[CLARIN] A favorite movie?

[Bordon] "Un lugar en el mundo." I fell in love with all of the characters. It reminded me of La Gloriosa, a place I visited when I was governor. When I asked what they needed, they told me: a school with drinking water.

[CLARIN] Any weaknesses?

[Bordon] I do not know whether it is a weakness, but when I see a movie that touches me, I cry. The last time was when I saw "Forrest Gump."

[CLARIN] A favorite actress?

[Bordon] Barbara Mujica. Beautiful as a woman and as an actress.

[CLARIN] A pet peeve?

[Bordon] I cannot stand people smoking around me.

[Box, p 65]

The Candidate and Love

They met at Salvador University. They were studying sociology. "One day a friend of mine asked me to go and talk with two terrific girls who seemed interested in working at the Student Center, two very intelligent girls from Mendoza. I went to see them just as they were taking a mid-term exam that I had to take later. And Monica wrote such a brilliant exam that I could not bring myself to take it." That is how Bordon met Monica Ines Gonzalez Gaviola, the eldest of eight children from a traditional Mendoza family. They both agree that it was not "love at first sight." "First we became friends, and later we fell in love." They visited a slum in Bernal together every weekend for two years. Together they discovered Bergman films and activism. The marriage proposal came several years later at a friend's country home. "It was all quite romantic," Bordon remarks. And although he remembers having written her poems in the heat of their romance, he admits that today they have all gotten lost "during so many years of moving and escaping." The only enduring keepsake is a book by Pablo Neruda "that we decided to give each other."

In honor of the Chilean poet and another of their favorite authors, Ernesto Sabato, they baptized their first child Matilde, the name of the two writers' wives. And a few days ago, without witnesses and with only their own camera, they went to visit Sabato in Santos Lugares. "I had the honor of his writing a dedication to me in 'Sobre heroes y tumbas,' our favorite book. When we were going out, Monica and I always used to go to Lezama Park to see the places where the character in that novel walked off his anguish."

As our conversation drew to a close after four hours of questions and answers, Bordon allowed himself to become emotional. It was when he mentioned the issue of missing persons and talked about all of the people from his generation "who died on one side or the other."

[CLARIN] It seemed to me that you were talking about someone in particular when you mentioned the missing persons....

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[Bordon] Yes, yes, I was thinking...about Chiqui Sanoco, a girl from Mendoza whom I met in the sociology department.... She was the other girl who was taking the exam the day that I first met Monica.

Bolivia

President Explains State of Siege to Church Leaders

PY2604121495 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 25 Apr 95

[FBIS Translated Text] Bolivian President Gonzalo Sanchez de Lozada categorically said that as long as there are coercive measures such as strikes and threats by union and civic organizations, the state of siege will prevail.

The president made these remarks following a three-hour private meeting with Catholic Church leaders who are holding their annual Bolivian Episcopal Conference in Cochabamba.

I have called for this meeting to listen to the Church's ideas, which I appreciate very much because the Church is in continuous contact with reality and with all sectors of Bolivian society, the president said.

He added that he took the opportunity of the meeting to explain the reasons that led his government to declare the state of siege. He said he is concerned about the U.S. ultimatum to Bolivia to fulfill concrete objectives in the antidrug fight and eradication of surplus coca crops.

He explained further that he was worried about the fact that most Bolivians are not aware of the significance of a U.S. ultimatum if the conditions are not fulfilled.

Another of Sanchez de Lozada's headaches is the stance adopted by the civic movement, which seeks decentralization outside the bounds of the peaceful and correct processes it should use. Finally, he is also concerned about the problem of education and of the Bolivian Labor Federation [COB].

The president said: We want the children to return to schools and teachers to resume their proper role, and to again sit at the negotiating table. We will do everything possible to achieve this. We accept and are willing to listen to the Church's voice as a way to find long-lasting and long-term solutions.

The president added that this does not mean lifting the state of siege. I have said that when there are no further problems, such as threats of roadblocks; when teachers resume their instructional activities; and when public order is restored, we will be the first to seek order and consensus, he said.

Vice President Outlines New Extradition Treaty With U.S.

PY2604143895 La Paz Radio Cadena Nacional Network in Spanish 1000 GMT 26 Apr 95

[FBIS Translated Text] Bolivian Vice President Victor Hugo Cardenas has said that the new extradition treaty that will be signed between Bolivia and the United States must not undermine national sovereignty, and much less the dignity of all Bolivians.

The vice president made these remarks when he arrived in Sucre to dedicate the first meeting of supreme courts presidents and justices from Andean Pact countries and Panama.

He said the treaty must be contemplated within the framework of the national Constitution and current laws. Cardenas added that the new extradition treaty will be based on the 1993-94 projects which must be in line with the principle of respect for national sovereignty and Bolivian interests.

Foreign Minister: 'Positive' Signs Perceived From U.S.

PY2604183795 La Paz PRESENCIA in Spanish 18 Apr 95 p 6

[FBIS Translated Text] Bolivian Foreign Minister Antonio Aranibar last night expressed optimism over the current course of negotiations with the United States in the wake of the radical ultimatum given a little more than a month ago. He said the Bolivian Government perceives positive signs from the U.S. Administration.

After a meeting with President Gonzalo Sanchez de Lozada, whom he briefed on the development of talks toward the signing of a new extradition treaty with the United States, Aranibar said: "I have no illusions about flexibility, but the United States seems to realize that Bolivian society in general, and the government in particular, have demonstrated their decision to fight drug trafficking from their own point of view."

Aranibar added that the U.S. ultimatum for the eradication of 1,750 hectares of coca crops by 30 June, and the signing of a new extradition treaty, were unnecessary because "Bolivia is fighting drug trafficking through its own conviction, with its own vision, and beyond threats and ultimatums. This is a conviction not just of the government but of Bolivian society as a whole. Surely this should be taken into consideration," he said.

He said this decision and willingness have been perceived by the U.S. Administration. Aranibar concluded: "This happened with the extradition treaty. The current government expressed its decision to cooperate in the international legal field since it assumed office. Bolivia is not willing to protect any criminals, as we have always demonstrated."

Peru's Supreme Court President Opposes Extraditions to U.S.

PY2604180895 Madrid EFE in Spanish 0129 GMT 26 Apr 95

[FBIS Translated Text] Sucre (Bolivia), 25 Apr (EFE)—Peruvian Supreme Court President Moises Pantoja stated today in the Bolivian town of Sucre that his

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country has never extradited to the United States an individual accused of drug trafficking. He added that they must always be tried by the courts of their own country.

Pantoja is participating in Sucre in the First Meeting of Supreme Court Presidents and Justices of the Andean Pact countries. One of the objectives of this meeting is to identify the common problems affecting the administration of justice in the Andean countries.

Pantoja said the 1988 Vienna Convention is not enough to support the extradition of a person to another country for crimes related to drug trafficking.

He said: "We all want our citizens who participated in that business to be tried by our courts, not by foreign courts."

Peru has agreements with Italy, Canada, and other countries for some given crimes, but not for the drug trafficking problem.

"I believe this problem must be solved by the country of origin," Pantoja said during a news conference within the framework of the First Meeting of Supreme Court Presidents and Justices from the Andean Pact countries in Sucre.

The treaties signed by Peru do not consider drug trafficking, but there is the case of a non-Peruvian citizen who was sentenced in Peru for drug trafficking but who served his sentence in the United States.

Asked if the Vienna Convention was sufficient to extradite a Peruvian citizen to the United States, Pantoja answered: "No, it is not sufficient."

He said that by principle, nations must defend their citizens.

Referring to terrorism, he said a new policy exists through the laws passed by Congress. Through these laws "faceless judges" will disappear as of 15 August.

He added that the judicial branch organization in Peru is increasingly more distant from political influence.

He said judges are elected through the National Council for Magistrates which have been installed and which have called for the fulfillment of said law.

He concluded by saying that the only objective of the judicial branch reorganization in Peru is so justice reaches the poor.

Daily: Extradition Accord Talks 'On Right Footing'

PY2704025695 La Paz LA RAZON in Spanish 18 Apr 95 p A5

[Editorial: "An Extradition Treaty Ruled by the Logic of the Law"]

[FBIS Translated Text] The purpose of any extradition treaty is to avoid impunity in cases where, should this type of international agreement not exist, it would be possible to evade the law. Law, as a science, follows a very strict logic, and the fact that an individual who commits a crime in a given country may evade the corresponding legal proceedings or serving his sentence by just emigrating, thus evading the jurisdiction of the law where the crime was committed, is not in keeping with this logic. Since there are no tools by which the criminal may be returned to the country where he committed the crime, the country where he seeks refuge would be protecting the delinquent.

Therefore, for the sake of the very purpose of the extradition, it is best that the treaties in this regard be negotiated freely and in a sovereign manner by the interested countries. By no means should there be imposition by one of the countries because this would also mean going against the logic of the law. Moreover, equity must always prevail, as well as the fact that the terms of the agreement must fully fall within the framework of the law. This is necessary to prevent incoherence that, in addition to distorting a treaty, would, sooner or later, make it fail or, at the very least, make the document subject to future amendments, rendering it less solid and worthy.

Our country is currently making efforts, in terms of its new extradition treaty with the United States, to follow the aforementioned principles and criteria. The efforts being made in this regard by Justice Minister Rene Blattmann, according to what he himself told the media, have resulted in some significant progress, such as rejection of the possibility that citizens would be abducted for trial or serving of a sentence. In this regard, it is very surprising that one of the three documents—the one advanced by Bolivia in 1993—proposes abduction, unlike the previous one drafted by the United States in 1990, which did not. Despite the fact that the latter had a series of other unfavorable aspects for Bolivia, it was accepted by our government.

Another noteworthy achievement of Blattmann's negotiations is the fact that he obtained "flexibility" on the part of the U.S. authorities regarding commitments assumed by the country on issues that members of previous administrations had apparently not assessed thoroughly enough to note all their inconveniences.

Moreover, what is noticeable in such an important issue as this agreement is the fact that although it has been discussed for quite some time now, there is a lack of consistency regarding certain fundamental points. This fact jeopardizes the negotiations because, in addition to demanding an embarrassing change of stance, with the obvious waste of time and, of course, of impetus, it damages Bolivia's image as a responsible country. It is always harder to rectify what was badly proposed—harder still if it was approved by the government—than to make correct proposals right from the beginning.

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According to available information, it seems that negotiations for a new extradition treaty with the United States are on the right footing. Some technical issues are still pending, and they will probably require more than another meeting of the two nations. However, now that the guidelines have been set, it is hoped there will be no other obstacles to prevent reaching an adequate agreement that seeks to obtain justice, that is characterized by equity, and that follows the logic of the law.

Senate President Discusses Regime's Performance

95SM0283A La Paz HOY in Spanish 12 Mar 95 pp 8-9

[Interview with Juan Carlos Duran, senate president and deputy chief of the MNR; place and date and place]

[FBIS Translated Text] Juan Carlos Duran, deputy chief of the MNR [Nationalist Revolutionary Movement] and current president of the Senate, acknowledged in the interview that the attrition experienced by the government and by the president of the Republic is related to the "transcendental" changes that are being made. He used the occasion to speak of the situation of the nation, saying that external factors had prevented fulfillment of the government's promises. He said he had been coauthor of the reforms sponsored by the MNR and acknowledged that we will have to wait a while longer for the "fruits" to become visible.

Duran also spoke of the 1997 elections. He insisted that he had no intention of becoming a candidate, and in passing commented that the cabinet does not need to be "MNR-ized." He concluded the interview with HOY by commenting on the coming municipal elections. He believes that 90 percent of the provincial mayors will be reelected, thanks to the Popular Participation program.

[HOY] Do you believe that the image of the MNR and of President Sanchez de Lozada himself has been damaged?

[Duran] Of course. It is logical for this to occur. Do not forget that we are carrying out a major revolutionary process of change.

When we approved the educational reform we ran into an enormous obstacle, namely, the opponents of educational change. This opposition comes basically from those who have lived many years on benefices. But what does the word benefice mean? Benefice means not carrying out your duties, not keeping up to date, not being under the basic control of Bolivian society, and operating an educational system that is a disaster. Mariano Baptista is right in titling his book *La Educacion en Bolivia, un desastre nacional (Education in Bolivia: a National Disaster).*

In the area of capitalization, we are obviously impacting economic interests of great magnitude. These people are not remaining quiet; they are stirring up trouble because personal interests and group interests—interests of various sorts—are being affected.

The same thing has occurred with respect to the Popular Participation program. Many people were living from the trough of the regional development corporations, but bcause everything is done today through the mayors' offices, some people are angry. We have found that there is a large group in opposition.

Exactly the same thing is occurring in connection with the constitutional reforms. This period of change through which we are passing has come up against a stumbling block erected by the opposition. I believe critical opposition is a very good thing, but when it is constructive and not destructive.

To a greater or lesser extent, the opposition forces that today are opposing our reforms—in some cases, it is merely opposition for opposition's sake—have been the first in their election campaigns to present what we may call alternatives that are different but that have more or less the same objectives.

One example is Condepa [Conscience of the Fatherland], which has spoken of Popular Participation in a different way but with the same objective. Another example is the MIR [Movement of the Revolutionary Left], which has spoken of privatization. We have done something different—capitalization—but it is designed to improve the economic situation so as to enable the economy to produce surpluses for investment in the social sector.

As for the ADN [Nationalist Democratic Action], it has joined with other political parties in pushing for constitutional reforms. In one way or another, all of the parties have participated in the process.

When the measures embodying change—measures that are irreversible—are criticized, the criticism is welcome, but when the criticism represents a campaign for destructive personal, social, and economic interests, the problem becomes more acute.

And as we are seeing, we have altered the structure of the nation in a process of major change. It could not be otherwise. There is a political decapitalization of the governing party, of the government, and of the parties participating in the government.

But this is an inevitable step. Here, what will count will be evident at the end of this term: that is to say, what has been accomplished and what has not been accomplished. The final result is what counts.

The same thing also happened to Dr. Paz. In the middle of his term, the municipal elections of 1987 were a disaster; they almost threw us out of office. The level of unpopularity we had achieved was such that we were about to find ourselves out in the cold. We should remember, however, how Dr. Paz extricated himself and how the MNR won the 1989 elections.

What counts, therefore, is the outcome. It is now obvious that problems have arisen in the process of change: in some cases things have moved too slowly, in others there

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is not sufficient communication and knowledge concerning the measures taken. In still other cases we are encountering serious current problems with respect to coca and international relations, among others; in short, there are many problems, but we are not much concerned about our popularity rating. We are interested in the final result, and the final result is the changes we want to bring to the country. The people will judge us when we finish the process, not now when we are in midstream.

[HOY] Since 1985 our citizens have been asked to make sacrifices in order to defeat hyperinflation, sacrifices to maintain stability, and lastly, sacrifices to achieve development. When will the day come when they can harvest the product of these sacrifices?

[Duran] I believe that when Dr. Paz took office in 1985 there was a 27,000 percent hyperinflation. The lights in the palace were put out for President of the Republic Hernan Siles Suazo, and one year was cut off his term.

This is a comprehensive picture of the dramatic events that Bolivia experienced in the political economic, and social areas.

Dr. Paz took office and issued Decree No. 21060, which completely changed the nation's economic structure. The economy was successfully stabilized, and we also achieved a measure of economic growth.

When we left the government, economic growth stood at between 2.5 and 3 percent, compared to a negative growth of less than -3.5 percent when we took office. If we use the figure of 3 percent, we are then looking at an increase of 6.5 percent If we had started out at zero percent, the economic growth achieved would have been 6.5 percent.

The government of the Patriotic Accord then took office and maintained the stability of the growth rate, which rose one or two points to approximately 4 percent. As Jaime Paz said, "We are stabilizing stability."

In that four-year term, however, there were no changes. It was merely a continuation of Dr. Paz' government. They created nothing; nothing was changed. It was merely a continuation of the stability of Dr. Paz' administration and an expansion of the free market economy.

In the political field, some important reforms were carried out, such as the initial progress made in respect to constitutional reform, two-thirds of which was accomplished with the help of the opposition. After that, nothing new—absolutely nothing new—was accomplished.

We entered the government and decided to make a radical change. We undertook programs of major educational reform and economic reform, and we hope that the capitalization effort will go forward, because otherwise Bolivia will suffer. We are changing everything. We are living in a fundamental period of our history, but we are maintaining economic stability and are seeking growth.

The growth rate achieved last year was 4.3 percent; in other words, we have achieved the highest growth rate since 1985.

Within the framework of the governmental reform we are implementing, we have therefore achieved substantial economic growth. It is, in fact, not what people had hoped for, because we had planned to grow by 5, 6, or 7 percent. External factors, however, created economic problems for us, and the reality of the economy that we inherited presented some quite difficult problems.

Now, however, it is time to speak of the present and the future, not of the past. We are forecasting a growth of between 4.5 and 5 percent for this year, and we believe that there will be a substantial leap forward when the capitalization program is carried out starting in 1996.

It is not true, therefore, that the nation has lost ground economically, or that it has become poorer.

What we have failed to do is give the people what we believed we could do immediately, and that is: create 100,000 jobs, grow at a 7 percent rate, and generate an economic boom.

We were unable to do so because, I repeat, the overall process of change had to cope with economic problems that were more external than internal, together with problems of domestic adjustment.

It cannot be said, therefore, that this government has failed or is failing, or that it is not keeping faith with the individual citizen. We are doing all possible to ensure that the process of change does not destabilize the economy, because the entire process could go for naught and come to a halt if the economic stability collapses.

As President Sanchez de Lozada said, what we are going to do—no matter the cost—is to maintain economic stability, because we know that from the moment we lose it, the have nots will suffer the most and the haves will benefit the most. We are not here to benefit any individuals. We are here to benefit the nation.

Historically, Dr. Paz came and saved the peace with a government formed in alliance with the ADN [Nationalist Democratic Action]. Then came the Patriotic Accord, which maintained the stability but changed nothing. Then came the government of the MNR, formed in alliance with the MBL [Free Bolivia Movement] and the other smaller parties, and we carried out a large-scale process of change. Let us therefore look at the situation objectively and calmly in the light of history to see if we have kept our promises.

But just as everything in life, this process of change has had its periods of gestation and maturation, and now the period of flowering is at hand.

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We hope that the process of change will extend to 1997 and not beyond, because God only knows who will take office then. We hope that there will be continuity, rather than that someone will come along and dismantle all that we have done at such great cost.

[Box, p 8]

Mayors Carry Out Good Works Thanks to Popular Participation

National Senate President Duran said that the coming municipal elections will have one somewhat distinctive characteristic, in that they will be the first to be held under the Popular Participation program.

He declared that 90 percent of the mayors will be reelected, because they are carrying out public works and are optimistic concerning the electoral future of his party.

[HOY] We find ourselves in an election year. The December municipal elections will test the strength of the MNR and the degree of public acceptance of the structural reforms. Does the MNR believe that the coming elections will be a kind of referendum concerning this first term of the government?

[Duran] Yes and no, because—for example—Monica Palenque is not an MNR member and yet is carrying out important public works in La Paz with the funds that the government has given her in connection with the Popular Participation program. The mayor of El Alto is not an MNR member, and yet his budget was increased a hundredfold; he did not have the funds to pay salaries, and yet he now has an enormous quantity of money to carry out public works. These mayors will surely be rewarded at the polls. The same thing will happen in the case of Tarija Mayor Oscar ("Motete") Zamora, who is an opponent of the government, and also in the case of other municipal governments that are not controlled by the MNR.

I can say with absolute certainty that the people will vote for those mayors who have carried out public works and not for those who did not do so.

Because the central government has divested itself of all its money and has given it to the municipal governments to carry out public works under the terms of a very important measure, namely, the Popular Participation program, the MNR will probably not win in those departments where the mayors of other parties are benefiting from the program. The truth is, however, is that we are thinking of the nation, not solely of the party.

This clear vision therefore leads us to believe that in the end, what the people will look at is the overall process of change, because no one here can deny that the municipal governments do have money to carry out public works.

Moreover, municipal elections have never served as referendums, because the candidates are primarily regional and local and not as politically oriented.

There are also people in the opposition who, for example, will vote for Percy Fernandez in Santa Cruz, because he is a great mayor who has changed Santa Cruz. There will also be many in the opposition who will vote for German ("Chunka") Gutierrez in Sucre because he is carrying out important public works.

I believe that 90 percent of the mayors in the provinces will be reelected. Never has there been such a quantity of public works. And although I do not believe that these elections can be viewed as a referendum, I do believe that the MNR is going to win.

[Box, p 9]

The MNR Is in the Government, Not Just the Friends of the President

The president of the Republic, Gonzalo Sanchez de Lozada, has been accused on several occasions of having formed a personal inner circle and, in many cases, of having banished long-time and meritorious members of his party.

This allegation, however, is denied by Duran, who insists that efficiency and ability are the prerequisites for any appointment.

Duran also regards himself as coauthor of the plan that is being carried out by the government, and this has earned him a prominent place within the presidential inner circle.

[HOY] It is believed in political circles that President Sanchez de Lozada—before considering any other factors—tends to favor people who are his close friends when it comes to promotions to certain positions, and that he has surrounded himself with a tight inner circle. Do you consider yourself to be part of that inner circle?

[Duran] President Sanchez de Lozada has one distinguishing characteristic. In making appointments, he primarily tries to find candidates who are efficient and suited to the position in question, but secondarily—contrary to what people say—the president does take the party into account, at least in making his appointments to the top posts.

If you look at the cabinet, for example, you will find an MNR leader [movimentista] who served as executive manager of the campaign in Cochabamba. And if you look at the Ministry of Labor you will find Reynaldo Peters, who served as head of the Oruro departmental command and is a member of the MNR National Executive Committee [CEN].

In the Ministry of Human Development you will likewise find Enrique Ipina, who is a member of the CEN and was one of the managers of the campaign in Chuquisaca. The same is true of Minister of Sustainable Development Luis Lema, who was also one of the managers of the campaign in Tarifa.

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You will also find Minister Revollo, who served as executive director of the national campaign without being a member of the MNR. Then there is Minister of Economic Development Villalobos, who was one of the independents who supported President Sanchez' campaign. Minister Machicao is also very well known within the MNR organization. It is true that some MNR leaders have not yet been able to serve in the cabinet, but the fact is that the power to appoint the members of the cabinet lies with the president.

I would therefore say that the president does not make judgments on a partisan basis, and that his appointments are not made on the basis of personal loyalty.

[HOY] Specifically, what is your status within the MNR, and what is your relationship with the president?

[Duran] Everyone knows that the plan was prepared basically by two persons—President Sanchez de Lozada and I—because I was the national head of his campaign and served as executive secretary during the four years of the opposition government.

From the outset of Sanchez de Lozada's fight for his party's nomination, I was the person who shored up his entire campaign.

My closeness to the president is therefore absolute. We are very good friends. With respect to my party activity, I am one of the deputy heads of the MNR, and my work has earned me great prestige inasmuch as I have been working for 20 years, particularly at the level of the rank and file.

Accordingly, there is no doubt that I am close to the president, regardless of whether I am someone who has made a sudden appearance in the presidential inner circle.

I am also the number three citizen in the nation, in my capacity as Senate president.

[HOY] Some have commented that you have a tendency to make incursions into areas in which you lack expertise. Is this an expression of your desire to project yourself as a future presidential candidate in 1997?

[Duran] This topic must be approached with absolute objectivity. I cannot set aside my political activities, inasmuch as I am a deputy national chairman of the MNR.

Our party is the pivot and the axis of the coalition, and my activities as president of the Senate are not limited to the Senate but extend to the Congress as a whole.

Everything is interconnected, and the great process of change that is based on the Plan for Everyone—and on the plans of the parties that make up the alliance—has to do with the executive and legislative branches of the government.

I therefore do not function solely in my capacity as president of the Senate. That is for certain. I am engaged in political work, and that includes work within the party.

I am not subordinating anything. Moreover, I should point out that I do not regard myself solely as a professional politician or member of Congress but also as a man who has engaged in politics for more than 25 years. In the second place, I have crossed over into the field of law, for I have vast experience in public administration. Moreover, my constant concern for keeping up to date on domestic and world topics impels me to express opinions on these various subjects.

Furthermore, I am a spokesman for my party, and nothing more, so that there is no implication of any involvement on my part in any presidential campaign, nor does this reflect in any way my personal attitude. Instead, I believe that in these matters I am rather humble. I have never been someone who wanted to play leading roles or was seeking to be a celebrity. On the contrary, some people criticize me for always maintaining a low profile. I am content, because rather than any personal prominence, what pleases me is to be able to serve the people—to cooperate with them and help them—through a very important instrumentality that I found: the MNR, with which I have served here in the Congress and previously in the Cabinet and in other public offices.

I believe that a candidacy is something that in no way can be forced. You do not seek a candidacy; it either comes to you or does not come to you. It is therefore not a good idea for me to wangle a leading role or candidacy for myself, or any similar thing.

[HOY] Some sectors appear to see in the attitudes of certain cabinet ministers an inclination to take on roles for which they are apparently unsuited, and also allege that these ministers have electoral intentions. Do you believe that some members of the cabinet are involved in electoral campaigns?

[Duran] What is happening is that this government has a dynamic that is both positive and negative. Positive, because President Sanchez de Lozada is accustomed to assign working teams to specific areas, so that the the political area has one team and the economic area another team. Accordingly, the Cochabamba problem had to be dealt with by the minister of government, because it is a political subject. Coca is a serious problem; it is part of his duties and obviously must be included. He is obligated by law to participate in the coordination of these actions.

In my case, I cannot be absent when the problems of Santa Cruz are addressed, because I am senator for that department. This does not mean that I am campaigning, however.

In this respect, the president has spoken out very clearly. I said to him from the beginning, "How are we going to

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launch an election campaign at this time, when the government has not completed even half of its term?" It would therefore amount to an absolute lack of responsibility toward the nation to launch a proselytizing campaign at a time when the elections are still far in the future and a lot of water has yet to flow under the bridge.

[HOY] Is your decision to withdraw from the presidency of the Senate definite?

[Duran] What I have done is point out that my desire is to retire from the Senate, because I believe that I have basically accomplished my tasks. One of the objectives I had in taking charge of the presidency of the Senate was to obtain approval of the basic laws involved in the process of change: Popular Participation, Educational Reform, Capitalization, Governmental Reform, and Constitutional Reform. Now we shall have to see whether my presence is still necessary in the MNR organization. As for me personally, this is something I do not want, but it is a decision that will have to be made within the party. In the final analysis, the party assigns the posts in which members should serve and fulfill the role that has devolved on them.

The decision will accordingly be made in the second half of July, before the preliminary sessions of the next legislature.

[HOY] If the decision were yours to make, who would you choose as your successor as Senate president?

[Duran] I think they are all good candidates. Any of the MNR senators could take over the presidency, because the lists of the candidates to occupy the post have been qualified by President Sanchez de Lozada.

Any of these senators is therefore sufficiently qualified to fulfill that sensitive function.

However, the name of the future president of the Senate will be decided democratically at a meeting between the parliamentary delegation and President Sanchez de Lozada, acting in his capacity as head of the party.

Brazil

Cardoso's Trip to U.S. Gives 'New Momentum' to Executive

PY2704020295 Rio de Janeiro JORNAL DO BRASIL in Portuguese 25 Apr 93 p 2

[From "Castello's Column" by Marcelo Pontes: "Trip Gives New Rhythm to Government"]

[FBIS Translated Text] The government is tring to gain new momentum after President Fernando Henrique Cardoso's trip to the United States. The trip's success gave new incentive to the president, at a time when his popularity at home is declining and when there are also fears that inflation might return.

Adjustments to the Real Plan will be nothing but adjustments, and they will always exist while the plan is alive. Bank credit restriction measures were announced on 24 April, while consumption restriction measures will be announced this week. Yet this time the government wants to take advantage of the coincidence of the prestige gained in the United States—prestige that will be confirmed with a visit to England and Portugal next week—and the sentiment that the Real Plan is giving signals of exhaustion, in order to make more than a simple adjustment. Economists have jointly mentioned such signals in the Monthly Balance, a publication carried by JORNAL DO BRASIL on 23 April.

The government wants to gain new momentum. It is as if this start of the government term could be divided into two phases: Before and after the visit to the United States. The trip has strengthened the president's belief that he is on the right course. The reforms that he submitted to Conrgess are the ones that he considers really necessary for preservation and continuation of the economic stabilization plan. The problem has two sides: to convince Congress and to convince the public. Since he is losing the battle on those two fronts, the president decided to directly attack on both sides.

He began with the negotiations with Congress. The president has directly assumed such negotiations, putting an end to the commentaries that he would need a political coordinator. He would need one if there were someone qualified near him. There is no one. He is the coordinator, and he will now be put to the test.

The next two weeks will more or less shows the destiny of the reforms in the Chamber of Deputies. More or less because the members of the committees looking into the reforms were designated by the government. It would not be surprising if everything turns out the way the government expects. But if the government loses in a vote, it would be a serious political defeat. Yet things will be quite different in the voting on the subject during the plenary session of the Chamber of Deputies, when a final decision will be made.

With its new mood, the government will not work only within the executive branch—in this case, in addition to the offensive in Congress, the president is likely to more frequently address the nation to recover the banners that are slipping from his hands, like the banner of full control over inflation and economic growth built upon sound foundations. In this new phase, the government also wants to intensify its action inside, in order to erase the image that it is paralyzed by the reforms, which move neither forward nor backward. It is as if it were necessary to clean up the image that Communications Minister Sergio Motta made of the slow rate of social programs, an image that ended up reflecting on or encompassing the entire government.

The government wants to appear more expeditious, efficient, and productive. Today it will have a chance to do so at a meeting of the Privatization Commission.

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Privatizations are moving slowly, as if they were stymied. The government made much noise to have Congress approve a law of concessions as the point of departure for accelerating privatization, but privatization did not advance. The Planalto Palace people swear that it will now move, especially in the electric power sector. Yet it will advance or move with the warning that everything will be done within the limits of what is possible, within the framework of the law, without haste or fanfare, which—incidentally—is Fernando Henrique Cardoso's style.

Cardoso Speaks on Real Plan, Reform

PY2704012395 Rio de Janeiro Rede Globo Television in Portuguese 2250 GMT 26 Apr 95

[Address to the nation by President Fernando Henrique Cardoso from Alvorada Palace in Brasilia on 26 April—recorded]

[FBIS Translated Text] I would like to request your attention for a few moments to talk about something that is important to us all: the Real Plan and the constitutional reforms.

Nine months after implementation of the real, inflation continues under control.

Immediately after the election, pessimistic people announced the end of the real. But they were wrong. In the last quarter, we had the lowest inflation rate of the past 25 years.

I am happy with the benefits that the real brought, especially to those who are poorer. Their purchasing power increased. For example, in 1994 food consumption grew by 34 percent, while the economy grew by almost 6 percent. This has increased the number of jobs and the level of salaries.

Housewives no longer experience the nightmare of daily price increases at supermarkets. Since the real has been implemented, medicine, gasoline, electricity, and water supply prices have not increased.

Inflation threatens to return from time to time, but we will not permit this. I will continue to fight for the real, because it is our biggest achievement, and we will win the fight.

See what we are doing to defend the real. First, the government is reducing its expenses. Its spending does not surpass its revenues. If the government spent more than what it has, prices would again rise.

Second, when the price of a product begins to rise, the government drops import tariffs to allow you to buy cheaper products.

We have already reduced import tariffs on food, hygiene and cleaning products. We have increased only the tariffs on cars, electrical appliances, and luxury items. This was done to defend our reserves.

Third, we will expedite privatization, selling 17 enterprises—most of them of the petrochemical area—in 1995. In addition, we included electricity enterprises on the privatization list.

This will amount to some tens of billions of reals. With these revenues, we will reduce the government's debt and invest in the social sector.

It is better to have money to invest in the health and education sectors, which are priority areas for my government.

Fourth, we should more closely watch prices. The government will continue to control this, and you—the consumers—can help, and help significantly. Report those who carry out abuses to Procon [Office for the Defense and Protection of Consumers], and do not make unnecessary expenditures.

Avoid credit operations and loans because interest rates are now very high. Deposit your money in savings accounts because they are yielding high profits.

Remain calm. We implemented the real without surprises, without confiscation, and without violence, and we will continue along this course, without shocks, with tranquillity.

In my visits, I talked with people, especially with those who are poorer. In Ceara, in Pernambuco, in the middle of the Amazon region, I always heard the same thing: Mr President, the real is good, because prices do not rise as they did in the past, but salaries are insufficient.

I know this is true. That is why, on 1 May, I will increase the minimum salary to 100 reals. As of 1 May, I will also increase all retirement allowances by 42 percent.

This was possible because Congress cooperated with the government, approving more funds for the social security area. It is a small increase, but during my government—as I promised—I will make further increases.

The only thing we cannot permit are price increases caused by salary increases, because in such a case everyone loses.

Today I came here to show how we can grow, create jobs, and increase salaries without inflation.

To this end, we need to invest more and produce more. There are many people who want to invest in Brazil, who believe in Brazil. The Constitution, however, forbids private investment and, particularly, foreign investment, in several areas like mining, prospecting for oil, and telecommunications.

For this reason, we must change some articles of the Constitution in order to have more jobs, greater oil production, and new telephone lines. And we have to modify other articles of the Constitution because they are unfair.

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In the taxation area, it is unfair that those who are richer pay low taxes, while salaried people pay a lot.

In the social security area, it is unfair that some retired workers should earn up 15,000 or 20,000 reals per month, without having paid the appropriate contributions, while the majority earns only one minimum salary.

It is very unfair that some people should earn three or four retirement allowances.

We do not want this to happen again in the future. Do not allow yourselves to be misled. If you are a retired worker, rest assured because no one will meddle with your rights.

If you already have seniority to retire, do not hurry, do not give up a job that you like without a good reason. Your rights will be respected. This is my own commitment.

Over the next few months, there will be many discussions in Congress on the changes in the Constitution. I myself, and my ministers, will continue to explain why those reforms are important for Brazil's future.

With these arguments, all segments of society can form their own opinion. In a democracy, what really counts are arguments, but Brazil wants these changes to be implemented within the framework of the law. I have been elected to defend the real and implement the reform that the country needs.

This effort, however, does not depend only on me. It depends on all Brazilians. Each Brazilian has something to contribute, and the contribution of each one of you is important, very important. Do not dodge this obligation. Express your support. Tell the deputies and senators you voted for what you expect of them.

The task is vast, but I am certain that we will win this war because we are treading the right path. Brazil will be the winner. Together, we made a reality of the real. Also together, we will now implement the reforms. And together, we will change Brazil for the better. Thank you very much.

Cardoso on Economic Situation in Country

MS2704110095 London FINANCIAL TIMES in English 27 Apr 95 p 23

[Report on interview with President Fernando Henrique Cardoso by Angus Foster and Quentin Peel; place and date not given]

[FBIS Transcribed Text] The trouble with the Brazilians according to their new president, Fernando Henrique Cardoso, is that they cannot believe their luck.

He describes their complaint in Portuguese as fracassomania, which means "a craze for failure".

"We are all the time looking for disaster," says the man who took over as head of state on January 1. "We keep saying: 'It cannot be true, it's so good, it is impossible to continue'."

He is talking about the remarkable success of the new Real currency, which he introduced last year as finance minister under the previous administration of President Itamar Franco. Its launch saw the country's chronic inflation plummet from 50 per cent a month last June to less than 2 per cent in mid-April.

Yet today, there is a growing fear in the country and abroad that it may not last. Inflation is picking up, and could pass 3 per cent a month in May. A surge in imports forced the government to devalue the Real last month, and real annual interest rates have hit 40 per cent, with painful consequences for the cost of servicing the bloated public sector debt.

"These fears are not based on firm ground," Mr. Cardoso insists. "Today we have the lowest rate of inflation for 26 years. We had a wonderful harvest, with 80m tonnes of grain, which is a record. Foreign investment is continuing to flow in. And we have never exported so much before. Even the budget situation is quite comfortable. We have never collected so many taxes. So why do we have to be afraid of the future?"

When he came to power on January 1, Mr. Cardoso enjoyed a popularity rating of around 70 per cent, and the future looked rosy. His background won him support from left and right: the son of a general, he was a left-wing academic who went into exile in Chile during the years of military rule. But after his return, he helped found Brazil's main social democratic party. He cast off many former beliefs, stressing instead the need for open markets and deregulation, while maintaining his concern for social issues.

The world has changed a lot, but not in respect to social injustice," he says. "Brazil is no longer underdeveloped, but we have to fight against poverty. In a country like Brazil it is no longer enough to say the market will take care of all things."

That means expanding what he calls "the social role of the state". And yet the future success of his Real plan, to which he owes his election, depends on spending cuts and reducing the state's role in the economy.

Within four months of taking office, Mr. Cardoso is under attack from both left and right for failing to deliver: from the left, for failing to act on his social commitment, and from the right, for failing to move faster on his economic reforms.

As far as the Real stabilisation package is concerned, he has sent to the Brazilian congress proposals to allow greater private sector competition against the big state petroleum and telecommunications monopolies, Petrobras and Telebras, and to reduce discrimination against foreign investors. He has also tabled plans to cut costs in the social security system.

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He has not yet put forward reforms to broaden the tax base, leaving the government budget dependent on emergency financing measures which will run out at the end of this year. Without rapid action, his critics say, the battle against inflation will be lost.

Mr. Cardoso appears more concerned that changing the tax system would offer congress the opportunity to reduce rather than increase federal taxation. He predicts that a tax package could be submitted to congress "maybe in a couple of weeks". However, he warns: "If we estimate it will be difficult to get the reform approved this year, we will ask again for emergency funding."

Mr. Cardoso is also refusing to rush on privatisation. This week, the first studies on selling off the electricity sector were announced. But he says it will take two years to dispose of Companhia Vale do Rio Doce, the iron ore, gold and manganese mining company that should be one of Brazil's biggest privatisations. "This is a $12bn asset company. It takes time. Otherwise congress will try to nullify my decision for not protecting the national interest."

On all fronts, the president's greatest political challenge is to persuade congress to back his policies. Although his coalition government commands a majority, the political parties are weak and based on personalities. He has to win the backing of different alliances of interest groups on each issue.

"There is a tremendous confusion in any process of decision- making by a new congress," he says. "Every four years there is again turmoil, because the deputies believe they have enormous powers to criticise the government; they will vote against it, they like to receive some trade-off."

He wants political reform, but prefers congress to be seen to be taking the lead. "I have decided not myself to send a political reform," he says. "I want congress to produce their own reform." Yet he claims a broad agreement on what changes are needed.

"We have a bad proportional system," he says. He favours a German-style system mixing individual constituencies with party lists, which would "give voters more knowledge about each candidate, and give representatives more responsibility to their constituents".

Political analysts in Brazil believe a reform of the electoral system is essential to improve the quality of representation and curb endemic corruption, but fear that congress will be unwilling and unable to reform itself. Mr. Cardoso disagrees, saying it will be "less difficult" than the economic reforms.

In response to his left-wing critics, he stresses the need for new initiatives on education, health and unemployment. He promises a new programme to target the 100 poorest cities in the country. "We have in Brazil pockets of misery," he says. Yet the government alone could not afford to tackle them. "We have to ask civil society to join the government in trying to combat that misery."

Brazil remains "a big country with enormous internal problems," he says, but the answer is no longer to seek to develop behind protectionism.

"We are trading with practically all parts of the world. In that sense we are not provincials. On the other hand, we don't pretend to be a big power. We are not orientated towards grandeur. We are rather modest in our self-perception."

He is determined to raise Brazil's international profile, saying it is important that the country should be "more active" in UN peacekeeping operations, after its involvement in Angola. He also intends to maintain Brazil's campaign for a seat in an enlarged UN Security Council.

Yet he knows that Brazil's international influence will depend on its success with economic reform at home. When Mr. Cardoso was contemplating running for president last year, he hesitated, for fear it would undermine his anti-inflation plan. In the end, he decided to stand, in order to preserve it. Success in that aim will be the test of his presidency.

Cardoso Addresses Officers, Views Armed Forces Role

PY2704014895 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 25 Apr 95

[FBIS Translated Excerpt] In a speech addressed to recently promoted officers, President Fernando Henrique Cardoso today reiterated that Brazil is entitled to particiate in the world decision-making process.

Cardoso said Brazil must adjust itself to the changes promoted in society through modernization.

[Begin recording] The necessary adjustment does not cover only the proposed constitutional amendments that were submitted and that will be submitted to Congress for broad debate. Neither does it only refer to the reduction of the functions that are now being fulfilled by the three levels of government, in the redesign destined to make civil society become more deeply involved with the management of the country.

The adjustment entails adoption of a new mentality, which should, on the one hand, accord with the urgent need to reduce domestic inequalities until we reach a level of social justice that is compatible with human dignity.

On the other hand, it should recognize Brazil's real dimensions at an international level, stemming from the stabilization of its economy, its territorial size, the extension and expanse of its coast and its airspace, its market of 160 million people, and its consolidation of democracy.

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This turns our peaceful projection beyond Latin American borders into something inevitable, entitling us to actively engage in the world decision-making process. [end recording]

The president added that the Brazilian Armed Forces have a major role to play.

[Begin recording] This role can be either maintaining our territorial integrity—preferably through deterrence—supporting public security efforts on specific occasions, undertaking supplementary actions, or honoring Brazilian commitments abroad in peace-keeping operations or as military observers in friendly countries, like vectors of my foreign policy. [end recording]

President Fernando Henrique Cardoso received the new officers at Noble Hall in Planalto Palace. The ceremony was attended by Army Minister General Zenildo de Lucena, Navy Minister Admiral Mauro Cesar Rodrigues Pereira, and Aeronautics Minister Brigadier Mauro Gandra.

During the ceremony, the president awarded the platinum military medal to the Army minister, who completed 50 years of military service in February 1995.

Before the ceremony at Planalto Palace, the 23 new Generals received their swords from Army Minister Zenildo de Lucena. [passage omitted]

Country's New Role in Post Cold War Era Viewed

PY2704022295 Sao Paulo GAZETA MERCANTIL in Portuguese 24 Apr 95 p A4

[Editorial: "A More Influential Voice Now That the Cold War Is Over"]

[FBIS Translated Text] President Fernando Henrique Cardoso's visit to the United States last week was different from visits other Brazilian presidents have paid to that country, mainly because its purpose was not to defend Brazilian or Latin American claims, or to sort out controversial issues that jeopardize the relations between the two countries. The thing that set this presidential trip apart was that its main purpose was to discuss the challenges that the Cold War had overshadowed, challenges that have become key elements for a well-balanced international relationship.

The end of the Cold War eased tensions and paved the way for an essentially better historical period fraught with opportunities, the Brazilian president said in his exemplary speech to the Foreign Relations Council in New York. The end of the Cold War "positively contaminated" each and every aspect of international relations, but at the same time, the changes it prompted brought to the fore problems that international organizations, as they are currently set up, cannot resolve or, better still, prevent.

The most glaring example of this negative aspect of the worldwide changes that have taken place are the ethnic conflicts that the UN Security Council is unable to resolve effectively. Although developed countries downplay it, the impact of the crises stemming from economic globalization are equally evil. Wealthy countries claim that these crises can be overcome through market mechanisms, but they neglect to take into account the severe social cost that developing countries have to pay when they get caught in the turmoil of capital flows.

President Cardoso rightly said that just as the United Nations is unable to deal with the so-called "regional wars," the Bretton Woods financial institutions are not equipped to protect vulnerable economies from mainly speculative worldwide financial operations.

Rather than focusing on practical proposals, President Cardoso chose to address Brazil's willingness and right to participate in the worldwide decision-making process, and never before has the atmosphere been more receptive. "Brazilian diplomats have always criticized the world order in which everything was tied to the strategic interests of the two superpowers," the president said. "The sad paradox was that because of our peace-loving tradition, we did not inspire much interest. In the Cold War world, our love for peace and understanding seemed to be out of place. Now that the Cold War is over, we are entitled to a more influential voice in the efforts to reorganize the international system."

The president's speech implies that Brazil's voice must be heard not only at the high-level forums intended to seek peace, but also in international financial institutions whenever a serious attempt is finally made to establish new rules aimed at stabilizing exchange rates and the monetary system.

These ideas do not drive the United States away from us. On the contrary, as President Cardoso told President Clinton in the Rose Garden of the White House, Brazil's relations with the United States must reach an unprecedented level of unity. Having reinstated democracy, which it is trying to shore up amid respect for human rights, Brazil is definitely comitted to a market economy and to the reforms that have to be made.

Thus, Brazil and the United States have in common the same basic objectives, an affinity that has become more obvious in the new scenario that has emerged after the end of the Cold War, an affinity that clears away the obstacles for joint actions by Washington and Brazil. President Clinton was receptive and said that he was impressed with Cardoso's ideas about the changes that have become necessary, especially in the international financial organizations.

Meanwhile, in the course of his lengthy meetings with U.S. businessmen and personalities, the Brazilian President conveyed the idea that Brazil is a safe port for investments, not only because of the country's improved stability and the growth of its economy—combined with its increasingly stronger ties with its neighbors, especially

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its Common Market of the South partners—but especially because Brazilian society has understood the importance of reorganizing its future on broader democratic foundations.

Secretary Attempts To Prevent Suspension of Sivam Loan

PY2604182495 Sao Paulo AGENCIA ESTADO in Portuguese 2208 GMT 25 Apr 95

[Report by Mara Bergamaschi and Tania Monteiro]

[FBIS Translated Text] Brasilia, 25 Apr (AE)—The government today began an emergency operation to prevent the proposal made by Senator Eduardo Suplicy (PT-SP) [Workers Party-Sao Paulo] to suspend the $1.4 billion foreign loan for the Sivam [Amazon Region Surveillance System] project from gaining force in Congress. Early this morning—after learning that 20 senators from all parties, except the PFL [Liberal Front Party]—had signed the proposal, Strategic Affairs Secretary [SAE] Ronaldo Sardenberg summoned a news conference to demand "responsibility" from Congress. The government simultaneously sent to the Senate three representatives from the SAE and the Foreign Ministry to attempt to revert the mood of the senators.

Right at the start of the news conference, Sardenberg warned that if the Sivam project is not implemented by 1 June, Brazil will have to a pay a fine of nearly $3.3 million for not using in six months the loan placed at its disposal by the U.S. Eximbank. Sardenberg said this fine is a fact even though Brazil has not yet signed the contract with the U.S. Raytheon company, which is the main supplier of equipment for Sivam. Last week Raytheon Vice President James Carter told the members of Chamber of Deputies Environment Committee that no fine was foreseen.

Sardenberg demanded "responsibility" from the senators. "It will be like throwing money away," he warned over the alleged $3.3 million fine. He added that if the Brazilian Government turns down the loan, it will be very difficult to obtain a new one under such favorable conditions. He said: "International interest rates have risen a lot over the past few months."

Government pressure has had a negative effect on the Senate. Although no one from the PFL signed Suplicy's proposal, senators from the PSDB [Brazilian Social Democracy Party], the PMDB [Brazilian Democratic Movement Party], the PP [Popular Party], and the PTB [Brazilian Labor Party] who are part of the government support base, did sign it together with congressmen from the PPR [Progressive Renewal Party], the PPS [Popular Socialist Party], the PDT [Democratic Labor Party], and the PT.

"I did not sign it because I consider it a hasty proposal," said Senator Antonio Carlos Magalhaes (PFL-BA) [Bahia], chairman of the Foreign Affairs Committee. The Senate agenda shows the project proposal will take 30 days at the most to be processed if it is not subjected to a petition for urgent treatment. "Let us give the government time to investigate the charges," he said. Magalhaes added that he has a "personal opinion" about the fact that ESCA defrauded the social security system. "Anything that involves a fraud is very serious," he stated.

Another important protagonist of the Sivam case who preferred not to sign Suplicy's proposal was PMDB leader Senator Jader Barbalho (PA) [Para] who accused ESCA of being chosen without passing a selection process. "I did not sign it because I did not have time to examine the issue," he said. PMDB senators believe Barbalho did not sign it at the request of Senator Gilberto Miranda (PMDB-AM) [Amazonas], a rapporteur of the committee contracting the loan. "As a senator I do not listen to petitions made even by my wife," Barbalho said.

During the news conference Sardenberg attempted to soften the support for ESCA [Automation and Control Systems Engineering] expressed last night by Presidential Spokesman Sergio Amaral. "Unless ESCA solves its problems with the social security system there will be no way for it to participate in the project," he said. The ambassador said that so far he did not see any other accusation that could hinder the signature of the contract. Sardenberg said he expects to see the Sivam case resolved within a week.

Prosecutor Asks Federal Court To Disclose ESCA Accounts

PY2604181095 Sao Paulo AGENCIA ESTADO in Portuguese 2214 GMT 25 Apr 95

[Report by Fernando Granato]

[FBIS Translated Excerpt] Sao Paulo, 25 (AE)—The Attorney General's Office (MPF), today asked the Federal Court to order the banks to disclose the accounts of ESCA (Automation and Control Systems Engineering), and to instruct the Federal Police to begin an investigation into possible irregularities with social security contributions. Federal Prosecutor Ricardo Nahat filed the petition after discovering certain irregularities in company documents received from the INSS (National Social Security Institute). The INSS has submitted to the MPF five claims against the ESCA after it discovered forged receipts for a total of 7.5 million Reals.

Nahat said: "The documents we received contained blank receipts which made us suspicious. If the company's banking accounts are disclosed we would see if it acted in bad faith or if it actually paid the contributions."

Nahat confirmed that company figures do not match the amounts in the documents seized, adding that there are signs of irregularities. "I recommend against signing the Sivam [Amazon Region Surveillance System] contract

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until the company is cleared of this charge," the prosecutor said. He added: "If the contract were to be canceled by a court order, the entire project will be delayed, and I am aware of its importance for drug enforcement." [previously covered passage omitted]

Planning Minister Rumored To Replace Finance Minister

PY2604233595 Rio de Janeiro O GLOBO in Portuguese 26 Apr 95 p 22

[From "Economic Panorama" column by Miriam Leitao]

[FBIS Translated Text] The rumor that Finance Minister Pedro Malan may leave his position and be replaced by Planning Minister Jose Serra has been circulating in Brasilia. As a matter of fact, Serra has ben performing the functions of a commander of the economic area. Officially, however, the presidency of the Republic categorically denies any possibility of change. Planalto Palace, however, believes that Minister Malan should have played a more active role in carrying out or implementing the Real Plan. There is also unease with regard to the decreasing number of people who still support the Real Plan.

Secretary Views Economic-Ecological Zoning Work

PY2704115895 Sao Paulo FOLHA DE SAO PAULO in Portuguese 24 Apr 95 Section 1 p 3

[Commentary by Strategic Affairs Secretary Ronaldo Motta Sardenberg: "Territorial Order and Sustainable Development"]

[FBIS Translated Text] The government's strategic agenda defines the topics that produce cooperation or conflict between countries, topics that currently include human rights, democracy, environment, and sustainable development. The great target is promoting socially equitable development. The great challenge is to overcome the accumulated consequences of domestic imbalances, of the big differences between regions and social groups.

Implementation of the concept of sustainable development, the way it was defined by the UN Conference on the Environment and Development held in Rio de Janeiro in 1992, presupposes that socioeconomic and cultural development policies and the environmental preservation policy all have converging objectives.

The search for and discovery of a "point of equilibrium" between social development, economic growth, and the use of natural resources calls for appropriate territorial planning, taking into account the limits of sustainability. The sustainable development criterion should apply both to the entire national territory—urban and rural areas—and also to society, to people, with due respect for the country's cultural and creative needs.

The methodology for defining sustainability parameters is based on the principles of the theory of systems. It considers relations between parts, and between parts and the whole, along with their incoming and outgoing flows. This methodology introduces—in the traditional analysis of economic processses—the territorial dimension as a concrete physical basement, which includes natural resources and the residue produced by their exploitation.

Implementation of a Territorial Ordering Plan depends on the previous implementation of the work on the country's Economic Environmental Zoning (ZEE). The ZEE has two main phases: One for analysis and another for prospecting. The analytical phase examines the variables that describe the current physical-biological and socioeconomic condition of the territory under study. The prospecting phase evaluates the quality and vulnerability of the environment, in light of the alternatives for use, that is, of the development strategy.

The technical proposals for using the territory, which are part of the Territorial Ordering Plan, should be discussed at the national, state, and municipal levels, in a process that must involve government sectors and society as a whole.

With this procedure, the programs, plans, and projects can have the technical and political support that is essential for implementation of policies that seek to reduce to a minimum the deterioration of the environment, and its subsequent impact on the quality of life. They will also have the essential support and appropriate allocation of natural resources and occupation of urban and rural soil within the framework of sustainable development.

Based on the law, the government—through the Strategic Affairs Secretariat [SAE] of the Presidency—should implement the Program of Ecological-Economic Zoning of the National Territory. This program, to be conducted in cooperation with state governments, will involve federal and state organs, depending on their jurisdiction and available resources, in three levels of action: macroregional, regional, and local.

At the broadest level, a process of environmental diagnosis is being developed under federal responsibility. This process is similar to the one designed by the IBGE [Brazilian Institute of Geography and Statistics] Foundation for the Amazon region, currently under implementation in the northeastern region.

At a regional level and in priority areas established by agreement between the federal and the state governments, the zoning work is underway in Acre, Amapa, Amazonas, Para, Rondonia, Roraima, Tocantins, Bahia, Maranhao, Paraiba, Espirito Santo, Minas Gerais, Goias, Mato Grosso do Sul, Mato Grosso, Santa Catarina, and Parana. Agreements for implementation are being negotiated with Rio de Janeiro and with the Federal District.

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The critical areas of relevant ecological and socioeconomic significance are considered priority areas, and they must be identified by the states. For example, Minas Gerais selected Ribeirao do Funil, in Ouro Preto county, as a priority area.

SAE, through the Commission for Coordination of the Ecological-Economic Zoning, provides technical and financial support for the program, which originally included creation of a geographic system of information, technical assistance at a federal level, supervision of the program, and training of state technical teams.

SAE has already adopted several practical measures with a view toward intensifying and expediting the zoning work. The search for and discovery of a "point of technical and administrative body, [drop in sentence as published] provided for increased financial allocations compared to 1994, and began to evaluate the results obtained through the agreements with the states and with the IBGE. It is preparing a draft decree for updating the functions and the composition of the ZEE coordinating commission, it is studying the updating of the zoning criteria to be used throughout the national territory, it is calling for a meeting—to be held in May—by the coordinating commission, and it is sponsoring a meeting with the state secretariats in charge of the zoning work. This is how it is trying to creatively meet the demands within and outside the government.

Government Prepares for Possible PMDB Departure

PY2704034295 Rio de Janeiro O GLOBO in Portuguese 25 Apr 95 p 3

[Article by Monica Gugliano]

[FBIS Translated Text] Brasilia—As far as the PMDB [Brazilian Democratic Movement Party]—the largest party supporting the government in Congress—decision of supporting President Fernando Henrique Cardoso is concerned, the government already is preparing itself for the possibility of a PMDB splinter. Some congressmen believe that, despite the efforts to prevent a splinter, the PMDB will hardly remain united and the government's only solution would be to rely on the PPR [Progressive Renewal Party] to achieve the approval of the bills of governmental interest, especially the reforms.

According to the congressmen's beliefs, the PMDB splinter would be informal and it is estimated that at least 70 of the 105 PMDB deputies would continue to support the government. The rest would remain within the PMDB, but opposing the president.

Government bloc congressmen believe the government is not interested in the splinter, but it also creates a situation that is easier to manage. Now, despite the fact that the government has two leaders from the PMDB, there are no interlocutors to mediate in the talks between the Planalto Palace and Congress. In addition, the PMDB did not vote in a united manner on the bills in which the government is interested.

A pro-government congressman said: "As the PSDB [Brazilian Social Democracy Party] and PFL [Liberal Front Party] are increasingly tuned, the PMDB splinter trend is increasing and is becoming obvious."

PMDB Bloc Leader in Lower House on Break With Government

PY2704032795 Rio de Janeiro O GLOBO in Portuguese 25 Apr 95 p 3

[Article by Adriana Vasconcellos and Tales Faria]

[FBIS Translated Text] Brasilia—Michel Temer, the PMDB [Brazilian Democratic Movement Party] bloc leader in the Chamber of Deputies, yesterday formally told President Fernando Henrique Cardoso that the PMDB is "ready to break off with the government" and that, if this happens, he, as PMDB bloc leader, will join his bloc. At the president's request, Temer has postponed a PMDB bloc meeting scheduled for today in which the break was scheduled for discussion. Seeking to end the rebellion, Fernando Henrique Cardoso committed himself to listening to the PMDB regional concerns.

Fernando Henrique Cardoso and Temer met late in the afternoon at the Planalto Palace. The president also held a telephone conversation with Deputy Luiz Henrique (SC) [Santa Catarina State], the PMDB president, who endorsed Temer's remarks. After their conversations with Fernando Henrique Cardoso, both Luiz Henrique and Temer said they believe that the problems between the PMDB and the government would be overcome. Temer attempted to prove that the rebellion has not been prompted by opportunist interests.

Temer said: "It does not merely involve posts, but also the way in which the ministers have treated PMDB congressmen and the problems in releasing funds for programs that are essential for our country."

In the opinion of Cassio Cunha Lima (PMDB-PB) [PMDB-Paraiba State], the government has to change its stance. He said: "The government will never again receive such vast support from the PMDB—at least as long as the PMDB does not participate in the government's policymaking."

Decision To Privatize Eletrobras, Subsidiaries Made

PY2604180495 Sao Paulo AGENCIA ESTADO in Portuguese 2147 GMT 25 Apr 95

[Report by Sandra Sato]

[FBIS Translated Text] Brasilia, 25 (AE)—The Brazilian Government has decided that Eletrobras [Brazilian Electric Power Company Inc.], and its subsidiaries Furnas [Furnas Electric Power Plants], Chesf [Sao Francisco

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Hydroelectric Company], Eletrosul [Southern Electric Power Plants], and Eletronorte [Northern Brazilian Electric Power Plants, Inc.] will be included in the National Privatization Program. The National Privatization Council [Conselho Nacional de Desestatizacao—CND] made this decision on 25 April but President Fernando Henrique Cardoso has yet to sign the appropriate decree. Planning Minister Jose Serra has submitted a report explaining the reasons for this decision, and a draft decree to President Cardoso. Mines and Energy Minister Raimundo Brito said the net assets of Eletrobras total between 55 billion and 60 billion Reals.

The Eletrobras nuclear power plants will not be privatized because a state monopoly in this area is set forth in the Constitution. The Brazilian Government sell not its share of the Itaipu Hydroelectric Dam which is protected by a bilateral agreement between Brazil and Paraguay. The government will turn over power generation to private entrepreneurs but it will continue to coordinate the energy policy. Serra stated: "Activities linked to coordination, planning of growth, energy use and conservation, technological support, and financing, will remain the hands of the Federal Government."

The minister did not explain the procedure that will be used to sell power companies because it is yet to be designed by a working group the CND created on 25 April. This group, which comprises representatives of the Ministries of Planning, Finance, and Mines and Energy, was given at least 60 days to do their study.

Serra made it clear that the decision to privatize power companies "was based on solid reasons." He said the need for more electric power, together with the shortage of funds and public debt reduction targets, prompted the decision.

Serra did not want to predict how long the administration would take to auction Eletrobras. "It is a very complex subject," he said, but promised that the government will work fast. During an interview at Planalto Place, at which he announced the change of pace in the privatization of electric power companies, Serra also reported that the auction of Espirito Santo Power Plants (Escelsa) has been rescheduled from 10 May to June.

The precise date of the auction has not been set yet. On 8 May, the CND will meet once again to discuss the base price and the details of the concession contracts. It will send a statement of company assets and the base price to the National Accounting Office (TCU) following the meeting.

In addition to its privatization program, the administration wants to grant concessions to private entrepreneurs for the management of power plants that are currently under construction. At its most recent meeting, the CND decided that as of September the Brazilian Government will open a bid on the concessions of seven power plants: Sao Jose and Carrapatos on the Pardo River (Sao Paulo); Rosal on the Itabapoana River (on the border between the States of Rio de Janeiro and Espirito Santo); Sapucaia and Anta in Paraiba do Sul (on the border between the states of Rio de Janeiro and Minas Gerais); Cubatao (Santa Catarina State); Campos Novos on the Uruguay River (Santa Catarina State); and Bocaina on the Paranaiba River (on the border between the states of Minas Gerais and Goiania).

Mines and energy Minister Raimundo Brito said the government plans to open a bid for the concessions of 34 power plants between now and 1999. Minister Serra has already nicknamed this project "the juice privatization" [privatizacao de fluxo]. Serra claims that through these concessions the government will no longer be directly responsible for investments in power plants under construction. "The government will thus save its funds for future investments," Serra said.

Stock Exchange Reacts Strongly to Eletrobras Privatization

PY2704120595 Sao Paulo AGENCIA ESTADO in Portuguese 2140 GMT 25 Apr 95

[Report by Rosa Riscala, Marcia Pinheiro, and Mario Rocha]

[FBIS Translated Excerpt] Sao Paulo, 25 Apr (AE)—The doubts about the privatization model did not prevent the market from reacting strongly to the announcement that the government has decided to privatize Eletrobras [Brazilian Electric Power Company, Inc.]. Caught by Surprise—no one expected this piece of news—executives were shaken by Planning Minister Jose Serra's statements after lunch. Serra gave a news conference following the meeting of the Privatization Committee this morning in Brasilia. AGENCIA ESTADO/Broadcast Service transmitted the news at 1315 [1615 GMT] today.

The impact of the news upon business resumption after lunch was great. The Eletrobras shares shot up. Known as the most volatile among the blue chip [preceding two words in English] companies, Eletrobras shares climbed by 21 percent (PNB) [expansion unknown] and 21.56 percent (ON) [expansion unknown] peak value to close at plus 14.6 percent (PNB) and plus 14.2 percent (ON). The movement affected the entire market, with a considerable rise of all issues. Telebras [Brazilian Telecommunications, Inc.] climbed by plus 2.87 percent, returning to the $34.97 price. "It was a great day for the stock exchanges today, after such a long time in the red," an executive said, thinking of the 282 million real traded volume registered in the Bovespa [Sao Paulo Stock Exchange]. [passage omitted]

The announcement of the privatization of Eletrobras also affected the exchange market. A large bank that administers foreign resources in the Brazilian stock exchanges has allegedly sold nearly $150 million today. A good portion of that money is allegedly meant for the stock exchange.

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Exchange market operators, however, were surprised that this injection of resources did not affect the dollar exchange quotation, which closed with a 0.84 percent valuation of the real. Another explanation for this was the operation carried out by another bank that operates in the futures market and allegedly invested heavily in this market. [passage omitted]

Senate Approves Minimum Wage Increase to 100 Reals

PY2604150395 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 26 Apr 95

[FBIS Translated Text] The Senate yesterday approved the bill increasing the minimum wage to 100 reals as of 1 May. This bill, which has already been approved by the Chamber of Deputies, will be sanctioned by President Fernando Henrique Cardoso on 1 May.

The bill also increases the contribution percentage to the INSS [National Social Security Institute] from 10 to 11 percent for workers earning more than 5 minimum wages. Those who earn 1 minimum wage must contribute with 8 percent while those who earn between 2 and 5 minimum wages pay 9 percent. Retired workers who return to work must also contribute to the INSS. They must choose between their salary or their retirement pension. The bill also foresees a 42.8 percent readjustment for all pensioners and retired workers, including those who earn more than a minimum wage. The bill also prohibits the accumulation of retirement pensions. The benefit paid to disabled workers and pensions for widows will be 100 percent of the contributing salary. Benefits for work related accidents will amount to 50 percent of the contributing salary, while the benefit for illness will amount to 91 percent.

The new minimum wage to 100 reals is equivalent to $110.

Amazonas Military Commander Advocates Smaller Reservations

PY2704120095 Rio de Janeiro JORNAL DO BRASIL in Portuguese 25 Apr 95 p 4

[Report by Eliana Lucena]

[FBIS Translated Text] Manaus—During a visit that members of the National Defense Committee of the Chamber of Deputies paid to the Amazon Region, General Aranud Pedroso, the military commander of the region, advocated smaller indigenous reservations along the border. He specifically mentioned the 9.5 million-hectare Ianomami reservation in the states of Roraima and Amazonas.

"Demarcation proposals are absurd, and they jeopardize national security because the international community still covets this region," the general said. The military commander of the Amazon Region advocated parceling the Ianomami reservation, as had been done during the Sarney administration, when approximately 40,000 gold prospectors invaded the area.

The general's proposal has the support of Deputy Jair Bolsonaro (Progressive Renewal Party, Rio de Janeiro State). During the visit that the deputies paid to the border area the week before, Bolsonaro announced that he will expedite the discussion of his draft bill aimed at anulling the demarcation of the Ianomami reservation.

The new onslaught on indigenous lands along the border that have either been already demarcated or are slated for demarcation is taking place just as the discussion on the Sivam [Amazon Region Surveillance System] has brought to the fore the need to invest in programs capable of strengthening national sovereignty in the region, such as the Calha Norte project [deployment of Army platoons north of the Solimoes and Amazon rivers as part of enhanced military and civilian occupation of the northern border area].

The military commander of the Amazon Region firmly told the 11 federal deputies who came to listen to him in Sao Gabriel da Cachoeira (Amazonas State) that if the nation does not start thinking about defending this region "others will start thinking about taking it over."

Sao Gabriel Mayor Jucelino Goncalves and City Council Chairman Erivelto Coimbra supported the general, and reported the permanent presence of foreigners in the region. "The NGO's [nongovernmental organizations] want to demarcate indigenous land even within the county," the mayor complained. Goncalves sees international aid as a threat to national sovereignty. "Too much benevolence is suspicious," according to the mayor, a descendant of the Bare indigenous community.

The chairman of the city council also criticized the allocation of large plots of land to indigenous communities in Serra dos Sete Lagos, in the Amazon Region, where a huge deposit of niobium—a strategic metallic element—has been located. He believes that now that the discovery of the deposit has been announced, indigenous communities will claim the land.

Chile

Pinochet Denies Army Exerting Pressure in Leteller Case

PY2604121695 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 26 Apr 95

[Speakers identified by captions on screen]

[FBIS Translated Text] Army Commander General Augusto Pinochet has denied that the Army is exerting pressure on the court to obtain a more benign ruling for General Manuel Contreras.

At La Moneda Palace today, President Eduardo Frei decorated the Army officers who have been promoted to

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brigadier general and awarded Army Deputy Commander General Guillermo Garin the order of the Great Cross.

At the end of the ceremony, Generals Garin and Pinochet referred to the Supreme Court's upcoming ruling regarding the Letelier case.

Gen Pinochet denied that the Army is exerting pressure on the court in an attempt to obtain a more benign ruling for Gen Contreras. He said that the pressure being exerted is of a political nature.

[Begin recording] [Unidentified reporter] What do you have to say about the rumors that the Army is exerting pressure, General?

[Pinochet] We (?believe that the pressure) is not being exerted by the Army, but rather by politicians.

[Reporter] But will the Army accept the ruling?

[Garin] We fully respect what is determined by law.

[Reporter] Will you accept the ruling, regardless of what it may be?

[Garin] I am not going to make any comments on this subject. Thank you.

[Reporter] Is there any unrest within the Army at this moment?

[Garin] No.

[Reporter] Gen Pinochet said that there is a natural unrest.

[Garin] No. There is concern, but this is only natural. As I have personally stated on other occasions, there is a concern, which is only natural. We are naturally concerned when former officers and officers on duty are involved in legal cases. [end recording]

Moreover, Interior Minister Carlos Figueroa said that he is not at all worried about the Army's concern over this ruling.

[Begin recording] [Figueroa] I, personally, am not concerned because the viewpoint is correct, as is only appropriate, and what I believe to be important with regard to this case is.... [end recording]

Figueroa ended by stating that Chile's great hope is that justice prevail in the Letelier case.

Colombia

Rebel Group Planned Terrorist Actions in U.S.

PA2704025495 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 27 Apr 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] General Harold Bedoya, commander of the Army, has filed criminal charges at the Prosecutor General's Office against the ELN [National Liberation Army] guerrilla group after it was learned they were planning to kill four individuals and to destroy two embassies and a petroleum multinational. The ELN has declared the individuals and embassies as military targets allegedly because they represent U.S. interests in Colombia.

The "Seven O'Clock Newscast" has this scoop and has learned of an official document with a detailed account of the seven terrorist attacks that would be carried out this year by the guerrilla organization. One of the victims would be U.S. Ambassador to Colombia Myles Frechette. Also on the list are Colombian Defense Minister Fernando Botero Zea and the owners of the country's most important economic conglomerates, Julio Mario Santodomingo and industrialist Carlos Ardila Lule. Also declared military targets were the Embassies of the United States and Israel in Santa Fe de Bogota as well as the installations of the British Petroleum Company in the country.

The document confiscated from the ELN is entitled: To Characterize the Colombian Internal Conflict. It was sent to the commander of the ELN Central Bloc, alias Raul, by the ELN Directorate in January of this year. It reads: In an overall manner, we have characterized the oligarchy and U.S. imperialism as our principal enemies. The owners of the financial groups of the multinationals, such as Carlos Ardila Lule and Julio Mario Santodomingo, as well as Defense Minister Fernando Botero Zea and U.S. Ambassador Myles Frechette are our enemies, and as such, they and their properties are military targets.

The "Seven O'Clock Newscast" has also learned that Army Commander General Harold Bedoya Pizarro filed criminal charges before the Prosecutor General's Office on 17 April against the ELN members involved in the plot. An investigation has already been opened, based on this document as well as on other specific incidents, such as the discovery of weapons and evidence that the attack on Ardila Lule would take place in Medellin.

Army Discovers Plan To Attack Police Stations, Other Sites

PA2604184595 Mexico City NOTIMEX in Spanish 1916 GMT 25 Apr 95

[FBIS Translated Text] Santa Fe de Bogota, 25 Apr (NOTIMEX)—The Colombian Army today foiled a guerrilla plan to attack police stations and airports in the northwestern city of Medellin. The Army issued a communique saying authorities discovered weapons, ammunition, and maps of potential rebel targets at a large farm in Guarne, some 630 km from Santa Fe de Bogota. The report says: "Investigations reveal that a number of attacks on police stations, roads, and airports in Medellin were planned."

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On the farm, authorities found a Chinese hat bomb, five kg of dynamite, ammunition for rifles, and Army of National Liberation (ELN) political propaganda. The source revealed that the arsenal was guarded by a man named Ricardo Carvajal, who was arrested during the military operation. Among the documents seized were maps of Rionegro Air Force Base and reports on schedules of area police patrols.

The ELN comprises the Simon Bolivar Guerrilla Coordinating Board (CGSB), an organization which three years ago broke away from the peace negotiations which the rebels were holding with the Colombian Government in Tlaxcala, Mexico.

Comptroller General on Cartel Drug Links

PA2604160295 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 25 Apr 95

[Telephone interview with Colombian Comptroller General David Turbay Turbay by Dario Arizmendi; from "Caracol's 0600 to 0900" newscast—live]

[FBIS Translated Text] [Arizmendi] We have Comptroller General David Turbay on the line. Dr. Turbay, good morning.

[Turbay] Good morning to all our Caracol friends.

[Arizmendi] What did you do yesterday at the Prosecutor General's Office?

[Turbay] I went there simply because of a summons given to me and to my lawyer, Jaime Bernal Cuellar, by the prosecutor general and the deputy prosecutor general. I asked them to allow me to give my frank testimony at the Prosecutor General's Office. The Prosecutor General's Office has the legitimate right to ask for the necessary explanations from Colombian men regarding their behavior. It is my duty to go there.

[Arizmendi] Exactly about what situation were you asked to render a frank testimony?

[Turbay] I will testify today. I simply showed the prosecutor and the deputy prosecutor, in the presence of my lawyer, the irrefutable documentary evidence I have, such as the Credibanco vouchers, Credibanco clippings, Bancoquia certificates, and the Intercontinental Hotel receipts, showing that on 14 and 15 April 1994 I was lodged in that hotel and that I paid the bills with my own credit cards. I did not have to pay for anyone else.

[Arizmendi] Mr. Comptroller General, didn't the Prosecutor General's Office ask you about other matters that are unrelated to your stay in the Intercontinental Hotel?

[Turbay] Not at all. The conversation was totally centered on that topic.

[Arizmendi] According to what you know and according to the information you have from the Prosecutor General's Office, have you been involved in any other matter unrelated to this hotel payment?

[Turbay] No. That is all we discussed. The position of the Prosecutor General's Office has been very clear. My behavior has always been very clear.

[Arizmendi] According to last night's "QAP Television Newscast," you went there to testify. It also said you went there without previous counsel and that you disrespectfully showed up at the Prosecutor General's Office. The television report said you presented documented evidence that will be the object of a technical analysis in the United States to determine if the documents were forged.

[Turbay] How absurd! Even a person who doesn't know the law can understand that an inquiry is conducted when there is a trial. All Colombia has heard from the Prosecutor General's Office is that in my case they have not even found cause to start a formal investigation. They are going to determine if there is cause to undertake an investigation. When a trial is held, the person is summoned and a sworn statement is made, but that is not my case. This morning I am going to render frank testimony because I have voluntarily asked the prosecutor general to allow me to do so. It is not a favor someone is granting me, but my right under the Criminal Code. Second, the prosecutor general has never made the statements against me, as mentioned by the "QAP Newscast." I have the evidence of those statements. When I saw yesterday's television newscast, I immediately used the Falcon telephone at Narino Palace to talk to the prosecutor general, who denied that report. He told me: Mr. Comptroller General, I have never said that. I know Prosecutor General Alfonso Valdivieso Sarmiento. I know of his prudence and his respect for the law. I hope the "QAP Newscast" can show me the evidence on which it is basing its claim that the prosecutor general rejected my presence.

Dr. Jaime Bernal Cuellar, who is a respected man in this country—he is currently the ad hoc attorney general—can certify that since last Saturday we had agreed to meet with the prosecutor general in his office at 1100 on Monday, 24 April. He called me on Monday, and officials at the Comptroller General's Office can testify to that. The prosecutor general asked me to move up the appointment to 1130. We were there on time. I do not know why the "QAP Newscast" is saying that the comptroller general disrespectfully showed up at Prosecutor General's Office and that the prosecutor general had to receive him out of decency, but was visibly disturbed. That is not true. We should not lie to the country.

In addition, to say that Colombians will resort to U.S. experts to determine the legality of the documents, like the "QAP Newscast" said, is an insult to the Colombian justice system. How far are we going to go? An analysis at Juanchaco? I believe this is a foolish and mediocre thing. Excuse me for going further into this. How could they even think that the comptroller general could be providing forged documents in this process? It could be another evidence of unprecedented perversity, as I stated

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in a letter addressed to Dr. Maria Elvira Samper, director of the "QAP Newscast." I accept their hatred. That has been their traditional behavior. They want me out of the ring. They do not like to see David Turbay on the democratic scene. They are disturbed by the fact that David Turbay is making progress in his political career. I have moved forward in spite of them and with the support of the people who do not believe these fabrications and do not repress their best leaders.

[Arizmendi] Mr. Comptroller General, actress Margarita Rosa de Francisco called the prosecutor general a pretender. Some Colombians are saying this morning that they hope the evidence is solid, because otherwise we would be exaggerating and publicizing excessively, and that does not help the country. What is your opinion?

[Turbay] I respect the prosecutor general; I respect the Prosecutor General's Office. I reiterate, my name appeared on a list of payments made by a company called (Inversiones Ara). That is naturally something that should not be disregarded. The prosecutor general has the right to request an explanation. What I have done is to clear it up for him.

[Arizmendi] The prosecutor general should have first called up the comptroller general and requested an explanation—because of his position in government—and because of the impact of this news abroad and on public opinion. The charges are apparently quite clear according to the version you have given to the media.

[Turbay] I believe that should have been done. I reiterate, that was not a decision made by the prosecutor general, but by a regional prosecutor's office in Cali.

[Arizmendi] I respectfully ask you again: Isn't there something else? Perhaps there is another investigation going on at the Prosecutor General's Office.

[Turbay] I understand there is nothing else. The conversation I held with the prosecutor general was exclusively on this topic. I asked if there was something else and they said that was it. If there were anything else, I would be willing to give my explanations. I have led a clean, transparent life; therefore, I am willing to give any necessary explanation if charges based on legitimate evidence are presented. What we cannot do is to stir up rumors spread by people trying to tarnish other people's reputations.

[Arizmendi] Is there a witch hunt going on in Colombia?

[Turbay] Every day there are reports that Dr. David Turbay has done this or that thing, that some checks showed up, that Dr. Turbay was given some T-shirts, that Dr.Turbay... [pauses] That is not true.

[Arizmendi] Is there a witch hunt going on in Colombia?

[Turbay] I do not know. There is evidence of hatred in Colombia. There seems to be interest in removing from Colombia's political life those people who are a discomfort to others. It could be that. I can say clearly to the country that they have planted a moral car bomb on me. I can guarantee Colombia that I am ethically armoured.

Ecuador

Democratic Left Deputy Views Center-Left Front

95SM0288A Quito EL COMERCIO in Spanish 3 Apr 95 p A3

[Interview with Democratic Left Deputy Andres Vallejo; place and date not given—first two paragraphs are editorial introduction]

[FBIS Translated Text] The Democratic Left party [ID] has halted negotiations with other political groups, including the Popular Democracy party [PD]. Nevertheless, it is still interested in promoting a front built around the Center parties.

Andres Vallejo is a national deputy of the Democratic Left party. He was a cabinet minister and chairman of the Monetary Council under Rodrigo Borja and was also an ID leader. For a time Andres Vallejo was known as the power behind the throne of Rodrigo Borja. In Congress and in his party he has always been involved in pulling the strings of politics. In the following interview he talks about the ID and the Center-Left Front.

[EL COMERCIO] According to what Jorge Gallardo, your party leader, said on 24 March, the Democratic Left party has halted negotiations with all other parties. Why?

[Vallejo] The situation required it. Nobody can ignore the fact that there are new factors present on the political scene. These range from the approval of constitutional reforms to the territorial conflict with Peru. These new elements have caused changes in the whole country.

[EL COMERCIO] Will Jose Gallardo be the leader of the Center-Left Front?

[Vallejo] It may or may not be. No one can deny that he has emerged as an alternative candidate, due to his clear and prudent attitude, which is also, no doubt, patriotic. However, this does not mean that, in fact, he is a possible candidate for the presidency or that he can be elected president. He is a factor worth considering.

[EL COMERCIO] In the ID there are three different, possible tickets. One of them is the team of Frank Vargas Pazzos and Jorge Gallardo. The second consists of Jose Gallardo and Cesar Verduga. The third is led by Rodrigo Borja and Andres Vallejo. Why have they been unable to join together? o73

[Vallejo] Rodrigo Borja is not interested in reelection. If he were, there would be no discussion within the party.

[EL COMERCIO] Well, then, are there different factions in the party?

[Vallejo] Within the ID, it is essential to set up the broadest possible position for the election campaign,

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looking toward the next government administration. There are no factions or committees or advocates of this or that view. All efforts now under way are in that direction.

[EL COMERCIO] What is the real problem in the way of setting up a Center-Left Front?

[Vallejo] People have talked about setting up the broadest possible kind of front. We should not talk about the names of people interested in that. Unfortunately, the names of possible candidates have already been mentioned, which makes the establishment of such a front rather difficult. The most logical and effective thing to do is to set up the front around a basic concept and then see the best choices available for president. I have always believed, and I still do, that the early candidacy of many people makes the formation of such a front more difficult. A winning ticket in the 1996 elections, with a successful group of supporters running all the way to the Extreme Right, such as Jaime Nebot, must be broad and open and must not exclude anyone.

[EL COMERCIO] It has been rumored that Jamil Mahuad could be the running mate of Jaime Nebot. In addition to that rumor the Popular Democracy party has recently shown a tendency to move toward the Right.

[Vallejo] I continue to believe that the country has a tendency to move from the Center toward the Left. The last government and those advocating the privatization of the economy made people believe that you have to move in this direction. I hope that all of those who have followed this tendency will instead go where they should be.

[EL COMERCIO] What happened to the committee which was conducting a dialogue with the Popular Democracy party?

[Vallejo] Everything is frozen for the time being while the various restatements of the situation are under study.

[EL COMERCIO] Is the relationship between Borja and Hurtado an obstacle which will prevent a Center-Left Front from being established?

[Vallejo] This is a matter which goes beyond likes and dislikes, if they exist. Both of these men are statesmen who stand above such things. o73 [EL COMERCIO] What happened to the groups which wanted to join with the APRE [Ecuadoran Revolutionary Popular Action party]?

[Vallejo] Neither the party nor its leaders have made any commitment in this regard. This will only happen when a resolution to this effect is adopted.

[EL COMERCIO] So those who wish to support the APRE might quit their respective parties?

[Vallejo] No, and let's not talk about that.

[EL COMERCIO] What is the ID doing right now?

[Vallejo] There is a clear tendency toward trying to organize the Center-Left Front. This is the basis for what it is doing.

[EL COMERCIO] Has Cesar Verduga returned to reorganize the party?

[Vallejo] He is a party member who agrees with 99 percent of the rank and file and has the same outlook.

[EL COMERCIO] Has Jorge Gallardo given up his ambition to be president?

[Vallejo] He has no reason to do that. And many other people within the party also have no reason for doing so.

[EL COMERCIO] Like Andres Vallejo?

[Vallejo] There are many more of them.

[EL COMERCIO] Who are the others?

[Vallejo] Rodrigo Borja, Raul Baca, and Jorge Gallardo.

[EL COMERCIO] The ID was the first organized and modern party in the country, but then it fell apart. Some members accuse Andres Vallejo of responsibility for this breakup, because he closed off everything outside a party elite group.

[Vallejo] That means that you do not know the party. When a party becomes the government, many mistakes are made in the relationship between party and government. This is not fiction, and no one is responsible for it. This is a fact. Power wears you out and especially so when you hold power for the first time.

In the world and in Ecuador the Center-Left lost its ability to speak, as well as the political initiative, which fell into the hands of the Right. However, a change is beginning to take place and a return to the normal situation, because the Right is only focused on macroeconomic problems. Already the Center-Left has returned to power in Brazil, Costa Rica, Colombia, and Uruguay.

Fujimori Election; Influence on Negotiations

95SM0288B Quito EL COMERCIO in Spanish 17 Apr 95 p A-5

[Commentary by Miguel Rivadeneira: "Second Round at the Peace Table," received via Internet]

[FBIS Translated Text] Quito, 17 April 1995, (Opinion)—The reelection of President Fujimori opens up a new stage in the negotiations for seeking a definitive solution to the border dispute.

President Fujimori is not a saint, nor is he stupid, as he himself recognized when he issued the unfortunate warning to Ecuador to keep us distracted while he fought against the Shining Path movement.

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Now he is no longer a candidate but is on another plane, although the resentment remains. He wants to consolidate his domestic situation, project the image of Peru in the world, and open up his country to new markets.

He has begun to lower the tone of his statements and to carry on a semantic game of words which is very difficult to swallow. However, after all he is the president of a neighboring country, and we have to coexist with him.

Nevertheless, it is going to be up to President Duran-Ballen to negotiate with this same Fujimori, once the task of the observers from the guarantor countries is completed.

President Duran-Ballen has already commented positively on the elections in Peru. He asked for a constructive attitude from President Fujimori. He also talked about resolving the differences between the two countries peacefully and in a just, proper, and definitive way.

Now we are going to see how the leadership of the Ecuadoran president works out in peacetime. Once the process of demobilization and demilitarization is completed in the border area, it will be necessary to think about how things will work out in the second and definitive stage, but this time at the negotiating table, in a peaceful way, and behind closed doors.

What previously happened is now history. It is time to think about the future of peace and development, without prejudice or improper demands from anyone.

Now is not the time to make a fuss about arms purchases. Ecuador should maintain a military force able to dissuade a potential enemy and defend our national integrity and sovereignty. Our armed forces displayed total effectiveness in their victory in the border area.

However, after that we need to turn our eyes to the problems of poor health conditions, poverty, problems of education, illiteracy, and other evils which corrode our society.

If tensions are not reduced, there will be no normalization of relations with Peru, and the second stage of negotiations will be suspended, with a consequent danger of developing into a clash of arms and not at the negotiating table. That would be a serious development because we need to understand that the time for such things is over. Now we have to turn to the diplomatic battle.

Presidents Sixto Duran-Ballen and Fujimori should attend and greet each other at certain forthcoming, international events. This could be rather difficult in the case of the Rio Summit Meeting scheduled to be held next September in Ecuador. So the future should be left to the negotiating table and meetings between presidents.

Pro's, Con's of Dealing With Reelected Fujimori

95SM0288C Quito HOY in Spanish 17 Apr 95 p 4-A

[Commentary by Francisco Rosales Ramos: "Toward the Year 2000," received via Internet]

[FBIS Translated Text] Quito, 17 April 1995—Ecuador will have to find formulas for negotiations with President Fujimori to resolve, we hope definitively, the border problem between the two countries. The overwhelming vote of more than 60 percent of the electors in the first round of the Peruvian elections means that Fujimori will probably be president of Peru until the year 2000. His economic policies and his having succeeded in eliminating the Shining Path movement, one of the most violent forms of terrorism in Latin America, won massive support for him from the citizens of Peru.

This was anticipated, and all speculation regarding the possibility that the other candidate would be the winner had no basis. The support for President Fujimori was easily apparent in any contact with that country. It was by no means clear that the election of Perez De Cuellar, the only other candidate, would have suited Ecuadoran interests, in view of the warlike statements which he made a habit of making during the campaign. Although explainable as examples of electoral demagogy, to some extent they reflected the thinking of the former secretary general of the United Nations. To this extent and especially because of it, a victory of this candidate could have resulted in serious, internal disturbances in Peru. On more than one occasion, he referred to the "distraction" of the border conflict. Neither should we underestimate his many international connections, which would have been favorable elements for Peru in any process of negotiations.

The broad victory of President Fujimori could result in his displaying a more sincere attitude in seeking a definitive arrangement of the border dispute with Ecuador, in view of the clear majority of his mandate and the authority which that implies. It could also produce a contrary effect and make him more rigid, even arrogant, and dangerously harden his position on the border conflict. Whatever the case, the reality is that it will be Fujimori, with his controversial personality and his surprising instability, who will be our opposite number in Ecuadoran negotiations with Peru. This should be grounds for reflection. Some of the communications media have embarked on a o73 campaign of denigrating the president of Peru, which contributes nothing to a basic solution of the problem. This comment also, and especially, applies to some of the Ecuadoran authorities, who have forgotten that, whether they like it or not, they will have to negotiate with officials of the government led by President Fujimori. Consequently, nothing would be more negative than creating conditions of such high tension, even affecting personal contacts, which would make even more difficult the enormous but urgent task of finding an appropriate and just end to this historic dispute. The fact is that a display of emotion and a lack of verbal self-control have no place among the highest officials of a government concerning matters related to the national interest. This has nothing to do with personal posturing.

We must hope that the reelection of President Fujimori, with such a majority and which constitutes a clear

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mandate, will make it possible for him to handle matters related to negotiations with Ecuador with greater confidence. We must hope that both senior Ecuadoran officials as well as those of the guarantor countries, among them and especially those from the United States, will not lose heart in the efforts which will be needed to resolve definitively a long standing conflict. This conflict has not benefited either of the parties involved. On the contrary, it has cost both sides a great deal of blood, effort, and resources which they could well have used to improve the subhuman conditions in which a large percentage of their people live.

Paraguay

AEN Leader Caballero Vargas Interviewed

PY2604121895 Asuncion ABC COLOR in Spanish 23 Apr 95 p 8

[Interview with National Encounter Alliance, AEN, Leader Guillermo Caballero Vargas by Hugo Ruiz Olazar; place and date not given]

[FBIS Translated Text] [Ruiz] What is your opinion of the government's decision to grant a wage hike?

[Caballero Vargas] It is an acknowledgement that over the last few years of the economic and political transition to democracy, the purchasing power of the workers has steadily deteriorated. This pay raise will bring in its wake an escalation in prices, which will in turn stoke the furnace of inflation. The exchange lag has become most alarming ...

[Ruiz] What do you mean by that?

[Caballero Vargas] When I talk about exchange lag I refer to the following: The exchange rate in 1989 was approximately 1,000 guaranies to a dollar. The exchange rate has nearly doubled to 1,960 guaranies to a dollar, which represents nearly a 100 percent devaluation. Accrued inflation, however, stands at approximately 250 percent. In other words, if devaluation had accompanied inflation, the exchange rate would now be 3,000 guaranies ...

[Caballero Vargas] What is your point?

[Caballero Vargas] This exchange lag threatens to stifle the country's commodities and industrial production. Domestic costs continue to rise whereas the exchange rate is maintained practically unchanged ...

[Ruiz] Does the Wasmosy administration not want to acknowledge this?

[Caballero Vargas] It is not a matter of whether the present administration wants to acknowledge that or not. The fact is that our country has become a huge free port for goods in transit to Brazil and Argentina through Ciudad del Este and Pedro Juan Caballero ...

[Ruiz] Estimates claim that in Ciudad del Este alone, annual imports total some $12 billion, but they do not appear in official account books ...

[Caballero Vargas] No, they do not, but that is a reality that generates and funnels dollars into our economy to the tune of, let us say, $1.5 billion. They constitute an important source of income for 10 percent of the population—being generous—but they probably amount to only 200,000 or 300,000 persons ...

[Ruiz] Where does the distortion lie, then?

[Caballero Vargas] It distorts the exchange rate because we have an inflow of dollars that have not been genuinely produced by the country ...

[Ruiz] You lay too much emphasis on what is happening in Ciudad del Este; it is nothing new ...

[Caballero Vargas] Yes, but it reached impressive proportions over the last few years, with the generation of dollars outside the Paraguayan economy ...

[Ruiz] What would you do to redress this situation?

[Caballero Vargas] I would suggest that the Central Bank take advantage of this to intervene more actively in the market, purchasing dollars, which it has not been doing because it is concerned about the expansion of the money stock in the Paraguayan economy. Nevertheless, it should maintain an exchange rate that fosters exports and production ...

[Ruiz] You are discussing macroeconomic solutions. What do you have to say about the government's lack of initiative regarding privatizations, for example?

[Caballero Vargas] Privatizations are lagging far behind. Only one state-owned enterprise has so far been privatized ...

[Ruiz] This administration proclaims from the housetops—with conviction—that privatizations are unavoidable, but so far it has only paid lip-service to this issue ...

[Caballero Vargas] Unfortunately, very little has been done in that regard. I think that we, the opposition political parties, are also to blame for this. We are working to slowly ...

[Ruiz] It seems the specter of electioneering also haunts the opposition, frustrating it.

[Caballero Vargas] I know positively that a sector of the ruling party is adamantly against privatizations because they want to maintain the system of patronage. The AEN never resorted to populist ideas or advocated statism as a way to maintain government companies under state's control. We believe most state corporations must be privatized ...

[Ruiz] Have you noticed any sign of willingness on the part of the ruling party to discard traditional patronage practices, which enable it to remain in command and perpetrate itself in power?

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[Caballero Vargas] At least at the level of discourse, I have. In practice, however, I have not noticed much change—on the contrary, those practices are still prevalent ...

[Ruiz] You have participated in meetings with the president and congressmen, seeking to hike military salaries by 100 percent ...

[Caballero Vargas] We are not discussing a 100 percent pay rise but rather an average of 18 percent for members of the Armed Forces and the Police ...

[Ruiz] Would the increase in military's salaries not boomerang on you? You may be helping the Colorado Party to win the next elections ...

[Caballero Vargas] We already had that experience in the last election. This is why we insist on the need for a reform of the Armed Forces and to end to party affiliation by members of the Armed Forces and the Police ...

[Ruiz] That may be an interesting topic for a speech, but you very well know ...

[Caballero Vargas] No! We are going to meet with the president and the vice president next week to precisely discuss the restructuring of Paraguayan security forces. That issue ranks foremost among our priorities ...

[Ruiz] But it is not negotiable for the government ...

[Caballero Vargas] No! It must be negotiable. In a way, there is a commitment by the president, the vice president, and those who are negotiating with the opposition. There is an express commitment for nonpartisan security forces ...

[Ruiz] You heard what [President Juan Carlos] Wasmosy said. Former president [Andres] Rodriguez [1989-93] ...

[Caballero Vargas] What former President Rodriguez must have wanted to say is that one cannot negotiate stripping the military of their party affiliation in exchange for money. I also consider it too vulgar. But we could say: "We are going to strip them of their party affiliation without granting them a wage increase." We nonetheless insist on the reform of the Armed Forces.

[Ruiz] Nevertheless, that deep-seated malfunction within the Armed Forces has not been overcome ...

[Caballero Vargas] That is an anomaly in the organization of the Paraguayan State, but we must stop this thing about a partisan Armed Forces. We must end that situation and we must do it in 1995. We will have a nonpartisan Armed Forces this year ...

[Ruiz] How will you ensure there will be no longer "Colorado Armed Forces" after 1995?

[Caballero Vargas] One very simple reason: Because the government needs to appear before the international community as a government with a democratic vocation ...

[Ruiz] And it does! Seemingly quite successful ...

[Caballero Vargas] Relatively successful. It is doing all right for those who read the domestic news, but the international community believes the Armed Forces are meddling in politics, which is a wholly irregular practice ...

[Ruiz] It is outrageous ...

[Caballero Vargas] Of course! Just because we are used to these irregularities does not mean that we can expect others to consider we have consolidated a totally aboveboard democratic government ...

[Ruiz] The government has an opposition in Congress ...

[Caballero Vargas] At a given moment, however, it may face serious governability problems if the opposition is forced to resort to pressures for the sake of institutionalization of the country. The opposition may even go as far as to totally inhibit government action by blocking its proposals in Congress ...

[Ruiz] But the Colorado Party is still at the helm ...

[Caballero Vargas] Right, but the legislative branch is in the hands of the opposition. That is a most positive thing ...

[Ruiz] What would have been the situation now if you had won the 1993 election?

[Caballero Vargas] By now we would have totally overhauled the Armed Forces—making them modern, nonpartisan, dignified, and hierarchical. They would not have had salary problems or be obliged to receive orders from a political party, they would answer exclusively to the entire nation ...

[Ruiz] Do you think that Wasmosy is still carrying a cross?

[Caballero Vargas] Wasmosy came to power, bringing with him some commitments which are public property now. One military officer had a decisive influence in his victory. I really believe he realizes this was a one-time ...

[Ruiz] Do you think that situation will never happen again?

[Caballero Vargas] It can not happen again. Not only because it is inadmissible but also because the international community will not tolerate it ...

[Ruiz] Does the influence exerted by the military and the whole apparatus of government account for the outcome of the 1993 election giving the victory to the Colorado Party?

[Caballero Vargas] I think the aggressive and virulent involvement of some military officers, and especially the influence by [Army Commander] General [Lino] Oviedo, played a key, decisive role ...

[Ruiz] Public opinion polls are generally quite right ...

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[Caballero Vargas] Well, but here we had to acknowledge certain peculiarities of our country. We did it because we deemed the transition had not yet been completed, and we had to contribute to the country's governability. This is why despite all the flaws and irregularities ...

[Ruiz] The opposition was too idealistic ...

[Caballero Vargas] Or too naive ...

[Ruiz] Who knows if history will repeat itself in 1998 ...

[Caballero Vargas] It cannot repeat itself. When we conceded defeat on 9 May 1993, we did so for the sake of governability on the understanding that such a thing could never happen again ...

[Ruiz] And if it does? ...

[Caballero Vargas] We will not run unless we have a reliable register of voters, an electoral court—which we are at last beginning to constitute—and the assurance that the Armed Forces will remain on the sidelines during the electoral process ...

[Ruiz] And if these conditions are not met?

[Caballero Vargas] You may rest assured that at least the AEN will in no way consent to legitimize elections that are wholly irregular and objectionable. This transition to democracy must eventually be concluded. We respected flawed election results in 1993 on the understanding that it would be the last time ...

[Ruiz] The name of Gen. Oviedo is increasingly mentioned as the Colorado Party's presidential candidate for the 1998 election.

[Caballero Vargas] I have noticed, however, that he is losing a lot of political clout, even within the Armed Forces. I think we can view this transition to democracy with optimism. Gen. Oviedo is having a lot of trouble assuring his nomination ...

[Ruiz] Were you sure you would win the 1993 elections?

[Caballero Vargas] That is what we thought, but given the considerations I mentioned before and the fact that the AEN did not have a nationwide political structure ... [changes thought] ... public opinion surveys gave us a clear victory, but those polls must be translated into real votes. To do that one must have a fabulous political machinery to mobilize all those vote intentions.

Indefinite Extension of NPT Treaty Supported

PY2604190995 Madrid EFE in Spanish 2059 GMT 25 Apr 95

[FBIS Translated Text] United Nations, 25 Apr (EFE)—Paraguay today expressed support for an indefinite extension of the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), noting that this extension "does not represents just a limit on arms, it represents total disarmament."

Speaking at the general session of the NPT Revision and Extension Conference, Jose Felix Fernandez Estigarribia, the Paraguayan ambassador to the United Nations, noted that even though humanity has not been spared the fear of nuclear weapons, the NTP equation, compared with nuclear potential 25 years ago, is very encouraging.

The ambassador indicated that the Paraguayan Government deems it necessary to increase the efficiency of the safeguard system. He said recent incidents make a strengthened safeguard system even more necessary because "we do not like the idea of terrorist groups with nuclear weapons."

Fernandez Estigarribia added: "The NPT mechanism is as important as the UN Charter itself for keeping peace and security."

The Paraguayan ambassador added: "A small and peace-loving country like ours believes the NPT is a guarantee, not just for our security, but for that of humanity."

The Paraguayan ambassador said: "We believe it is absolutely imperative to eliminate nuclear weapons, especially following the serious incidents recently reported here and in other latitudes."

The Paraguayan ambassador expressed his delegation's confidence that there will soon be an agreement to prevent nuclear tests and the production of fissionable materials.

Fernandez Estigarribia expressed hope that the START I Agreement between the United States and Russia will soon be followed by a START II Agreement and that, within a short period, a START III will be drafted.

Peru

Foreign Ministry Issues Communique on Separation of Forces

PY2704004395 Madrid EFE in Spanish 2240 GMT 26 Apr 95

[FBIS Translated Text] Lima, 26 Apr (EFE)—The Peruvian Government today disclosed that it has completed all the actions it was supposed to carry out up to date within the framework of the separation of forces in the zone of the armed conflict with Ecuador, conflict that took place in January and February.

An official communique issued by the Peruvian Foreign Ministry in Lima states that 44 days after the beginning of activities of the guarantor countries' mission of observers, "the Peruvian Government has the satisfaction of informing that, once again, it has shown the strictness with which it honors its international commitments."

The communique goes on to point out that Peru has assembled the forces it had deployed in the zones of

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greatest tension during the conflict, such as Cueva de los Tayos, Base Sur, and Tihuinza, at Watch Post No. 1 (PV1).

The communique adds: "Unlike what is happening in Ecuador, the Peruvian actions have been carried with responsibility, in order to contribute to the pacification process and to the important task being carried out by the MOMEP (Ecuador-Peru Mission of Military Observers)."

The note also states that the Peruvian Government hopes that in the future, "the actions of the Ecuadoran Government will contribute to realizing the materialization of the worthy purposes that inspired the Itamaraty Peace Treaty and the complete fulfillment of the Rio de Janeiro protocol of 29 January 1942 and the ruling of Braz Dias de Aguiar."

The Itamaraty Peace Declaration, signed on 17 February and ratified by the Montevideo Declaration on 28 February, establishes the formation of a mission of observers of the guarantor countries to oversee the fulfillment of the cease-fire and the demilitarization of the border zone where the conflict between the two countries took place.

The Rio de Janeiro Protocol, which has Argentina, Brazil, Chile, and the United States as guarators, establishes the borderline between Peru and Ecuador and is regarded by the Peruvians as a perfect document that definitively solved the border conflict, while the Ecuadoreans believe that it "cannot be implemented."

Ecuador To Be Invited to Fujimori's Inauguration

PY2704034995 Madrid EFE in Spanish 2332 GMT 26 Apr 95

[FBIS Translated Text] Lima, 26 Apr (EFE)—The Ecuadoran Government will be invited to reelected President Alberto Fujimori's inauguration. This was asserted today by Peruvian Prime Minister and Foreign Minister Efrain Goldenberg.

The minister explained that the invitation will be extended due to the diplomatic relations Peru maintains with the Ecuadoran Government.

As is traditional in Peru, the invitations will be be extended to the governments with which it maintains diplomatic relations and it will be up to the governments to name their respective representatives, stated Goldenberg.

He said that the invitations to the 28 July inaugural ceremony have not been extended yet, but will be as soon as possible.

In statements today to the media at the Torre Tagle Palace, where the Foreign Ministry is headquartered, Goldenberg said that a total of 34 Peruvian citizens are still detained in Ecuador. He noted that the Foreign Ministry and other government organs are permanently concerned about their situation.

The prime minister said that Ecuador admits it has seven Peruvians under arrest and that the whereabouts of the remaining 27 are still unknown.

Goldenberg said that investigations to determine the whereabouts of these citizens are being carried out permanently and that at the same time, negotiations are being conducted to peacefully obtain their freedom.

The minister asserted that the Red Cross, the OAS Inter-American Human Rights Commission, and a number of nongovernmental organizations have been asked to intervene.

He also asserted that he does not know about any detained Ecuadoreans, and that if there are any, "there is no intention to use or detain them as hostages."

As for the guarantor countries' refusal to attend the ceremony during which Ecuador withdrew from the alleged base Tihuinsa, Goldenberg said that it is "self-explanatory" because of their position on this issue.

The Peruvian minister said he did not doubt that the constant statements by Ecuadoran authorities hinder the efforts to attain the lasting peace between Peru and Ecuador that the Rio de Janeiro Protocol guarantor countries seek.

Efrain Goldenberg asserted: "Undoubtedly, these types of declarations are only harmful to future relations. This is why we try to act in a worthy manner and avoid that type of attitude."

Fujimori on Election, Terrorism, Ecuador, Other Issues

BR2604144995 Milan PANORAMA in Italian 28 Apr 95 pp 81-82

[Interview with Peruvian President Alberto Fujimori by Gherardo Milanesi; place and date not given: "Virtuous Path"—first paragraph is PANORAMA introduction]

[FBIS Translated Text] His supporters are now calling him "tsunami," tidal wave. After toppling quasi-Nobel Prize-winning writer Mario Vargas Llosa in the 1990 presidential elections, Alberto Fujimori, an agricultural engineer and son of Japanese immigrants, humiliated former UN Secretary General Javier Perez de Cuellar with a landslide election victory on 9 April. Never in the story of Latin America has a president been reelected with such vast popular support: over 64 percent of the vote against the 36 percent obtained by the 20 opposition parties. PANORAMA interviewed him.

[Milanesi] Did you expect such a large majority?

[Fujimori] To be frank, no. But the electorate could not fail to acknowledge the advances that we have made over the last five years. The old politicians knew about the crisis conditions prevailing in the country: lack of development, terrorism, and drug trafficking. But they did nothing. They kept a crumbling democracy on its feet to

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maintain their hold over coruption. I do not steal, and I do not talk a lot; however, I have always kept the promises that I have made.

[Milanesi] There are 12 million Peruvians living in poverty, and only 10 percent of the labor force has a job...

[Fujimori] My government inherited a bankrupt country. Inflation was running at 7,650 percent per annum in 1990, but now it is down to 12 percent. GDP has reached 12.7 percent, the highest growth rate in the world. How could we have begun our fight against poverty without first creating a solid foundation for a productive economy? Peru was losing 2.5 billion dollars a year, without counting the flight of capital: 10 billion dollars that have ended up in Miami and the Cayman Islands. We have had to administer a drastic course of free market treatment based on privatization in order to pull ourseles out of the terrible economic situation that we were in.

[Milanesi] Will privatization continue to be a priority?

[Fujimori] We must continue to pursue the free market path. We have sold 66 corporations to date, but privatization alone is not enough. It is essential to raise fiscal revenue. By preventing tax evasion, which was standard practice in Peru, we have managed to increase public spending from 20 dollars per head of population in 1990 to 83 dollars in 1994.

[Milanesi] Does terrorism no longer constitute a threat to the country?

[Fujimori] Shining Path and the Tupac Amaru Revolutionary Movement have lost at least 95 percent of their strike capacity. Nearly all their leaders are behind bars. People can walk in the streets without worrying. But we will not regard the match as over until the last terrorist has been arrested.

[Milanesi] Amnesty International criticizes your antiterrorism laws. A lot of innocent people have ended up in jail...

[Fujimori] There have been over 25,000 victims of terrorism in Peru, 1 percent of the population. We have set up military tribunals because the civil courts were not working. We guarantee the judges' anonimity solely on security grounds. We acknowledge that we have gone too far in some cases, but my answer to those who criticize our system is simply: Here is Shining Path, take it. If I could give it to you, it would be all yours.

[Milanesi] What about the dispute with Ecuador?

[Fujimori] The 1942 Rio de Janeiro Protocol does not establish access rights to the Amazon area for Ecuador, only the right to sail freely on the river, which we will grant as soon as the border demarcation process has been completed.

Hokama Says Petroperu Will Be Privatized 'By All Means'

PY2604121195 Madrid EFE in Spanish 0119 GMT 25 Apr 95

[FBIS Translated Text] Lima, 24 Apr (EFE)—Peruvian Mines and Energy Minister Daniel Hokama today asserted that Petroperu [State Petroleum Agency] will be privatized "by all means," but only after "a great national debate."

Hokama said that Petroperu's privatization is an important national issue and, therefore, the government is most interested in learning the opinion of the various Peruvian sectors before going ahead and selling it to the private sector.

The minister said that the debate "is open" and that the government will decide how to sell Petroperu after hearing the opinion of various sectors, although he did not say when the company will be sold.

Opposition sectors have voiced their objection to the privatization of the aforementioned public enterprise because they consider it a strategic company.

There are two possibilities: Either Petroperu will be sold as a whole, as a single entity, or it will be divided into production units.

Uruguay

Chamber Condemns Oklahoma City, Other Attacks

PY2604173095 Madrid EFE in Spanish 0227 GMT 26 Apr 95

[FBIS Translated Text] Montevideo, 25 Apr (EFE)—The Uruguayan Chamber of Deputies today unanimously approved a declaration of "profound repudiation" and "condemnation" of the attack in which about 100 persons died in the U.S. city of Oklahoma.

At the proposal of the International Affairs Committee, Congress approved "the most energetic repudiation and condemnation of the terrorist insanity that provoked a tragedy which caused bereavement throughout the United States, and which attacks the highest values of civilization."

The Chamber also authorized the International Affairs Committee to prepare a declaration that condemns the ETA [Basque Fatherland and Liberty] attack on Jose Maria Aznar, the leader of the Spanish Popular Party; the gassings apparently by a religious sect in Japan; and the massacre of the Hutu Tribe in Rwanda.

Venezuela

Minister on Exchange Rate, Debt Certificates, Budget Cut

PA2704020895 Caracas ECONOMIA HOY in Spanish 25 Apr 95 p 8

[Report by Jose Gregorio Yepez]

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[FBIS Translated Text] Finance Minister Luis Matos Azocar has said that the exchange rate will remain fixed at 170 bolivares to the dollar and that this rate is part of the government strategy to keep inflation under control and to stabilize the country's economic development. In addition, the government is estimating a price increase that will not exceed 40 percent. "This position is not a dogmatic one but, rather, a useful tool to stabilize the economy," he said during the second Meeting Between Ministers of the Economic Sector of Colombia and Venezuela With the Private Sectors of the Two Countries.

He has also said the government next week will issue debt certificates for close to 254 billion bolivares, which will be used to pay the obligations pending since 1994 and those slated for payment in the 1995 budget.

Finance experts have reported that these instruments have a five-year maturity and that their value will be calculated as a certain percent of the Central Bank of Venezuela's active rate. The percent will be established during a bid that will take place weekly or in accordance with the monetary schedule. The instruments are expected to be in high demand because of the great liquidity in the market.

With the issuance of these certificates, the Venezuelan Government expects to amortize in full the 46 billion bolivares in principal due since last year.

The minister has said the issuance pertains to the idea of creating instruments to drain the excess liquidity that originated from the financial aid and the friction created by the exchange control.

Regarding the budget cut the government has announced, Matos Azocar has said this cut is part of the executive's contribution in the antiinflation pact. "The delegates of the workers and employers have met to establish a fiscal discipline that involves, among other things, a reduction of the 1995 budget by 10 percent," he has said.

Regarding the government's credibility, he has said the Council of Ministers has confirmed the decision. Without giving additional details, he has said the technicians of each of the ministries were working on the budget cut. "The adjustment will be 300 billion bolivares," he has said, adding the austerity efforts during the term of former Finance Minister Julio Sosa Rodriguez have led to a general cut of 450 billion bolivares in the 1995 budget.

Polls: Arias Leading Gubernatorial Candidate

PA2604120395 Maracaibo PANORAMA in Spanish 21 Apr 95 p 4

[Report by Julio Reyes]

[FBIS Translated Text] "All the polls taken in Maracaibo and the rest of the municipalities in the region during the past days indicate that Francisco Arias Cardenas is leading in the people's preference as candidate for Zulia State governor."

Elias Matta, Radical Cause Party deputy and parliamentary bloc leader, has made this statement in reference to polls taken by several local radio stations indicating that Commander Arias Cardenas has received an impressive amount of backing from the people, much more than that given to all other candidates.

Likewise, Matta has commented on a poll carried out by a group of regional taxi drivers. This poll has revealed that more than 60 percent of the people who have requested their services had said they would vote for Arias Cardenas during the February elections.

He also mentioned a poll reported by a Copei [Social Christian Party] regional leader who had to admit that Arias Cardenas is the leading candidate to the highest position in the state, "all this without taking into account that the best poll is the one anyone can do on the street.

Andres Velasquez was able to verify this reality personally when the airport taxi drivers told him they backed the commander. Employees of a restaurant where he was having breakfast approached him later to say they would only vote for Arias Cardenas."

Elias Matta has said all the political organizations that have ordered polls during the past two weeks have received the surprise of seeing how Arias Cardenas doubled the popularity rating of the rest of the candidates. They have had to notice that he is the only candidate sparking the people's enthusiasm and that even people who were indifferent to the forthcoming electoral process have expressed their support.

Guyana

Georgetown Water Shortage Worsens

FL2604220095 Bridgetown CANA in English 2013 GMT 26 Apr 95

[FBIS Transcribed Text] Georgetown, Guyana, April 26, CANA—As the water crisis in the capital continues to worsen, doctors at the city's main hospital are reported unable to perform minor operations because of a shortage of water in the operations theatres. A senior administrative source at the state Georgetown hospital told the CARIBBEAN NEWS AGENCY Wednesday a "substantial number" of operations have been put on hold at the institution because the water pressure is not sufficient to feed taps in the operating threatres. The official, who requested anonymity, said pipe-borne water has not been reaching the wards over the past two to three weeks. Water has been carried by hand at the three-storey institution. He acknowledged that water was not being pumped up to the main operating theatres, but stopped short of continuing or denying the reports of postponed operations. But a patient who was supposed to enter the hospital Monday for a minor eye operation to remove a cataract told CANA it

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was postponed because of the water situation at the hospital. The hospital official said that the poor water pressure in the mains of the city had reduced what was available to fill the reservoir in the large compound of the institution.

Meanwhile, daily water rationing has become routine for the 250,000 residents of the capital as the Georgetown sewerage and water commissioners, the controlling body for the city water supplies, seek to "carefully husband" rapidly dwindling supplies. Government meteorologists said Wednesday there would be no significant rainfall until the traditional rainy season begins sometime next month.

Water pressure in the capital is being increased daily for three hours between the hours of 5.30 a.m. and 8.30 a.m. and 90 minutes from 4.30 p.m. to 7.30 p.m. and for one hour from 9 p.m. to 10 p.m. [all figures and times as received]

The city water system pumps about 15 million gallons of water daily into mains in Georgetown and its environs. However the supply of potable water has dwindled to less than half by the continuing drought which has caused the water level in the city's reservoir to drop by three feet over the past three days.

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